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## Southeast Asia Report

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3 July 1984

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HAWKE POPULARITY, LACK OF PUBLIC CONFIDENCE ANALYZED

Canberra THE AUSTRALIAN in English 19-20 May 84 p 14

[Editorial: "Hawke Must Listen to a New Message"]

[Text] IT IS possible that we have a highly popular Federal Government led by a man we have elevated to hero status, but at the same time have little confidence that its efforts are leading to increased job security and good opportunities for investment.

There are a number of factors which suggest this strange dichotomy.

Retailers believe fears about job prospects everywhere except the ACT may be behind the fall in consumer spending in March. The ACT is a public service area: job worries do not apply there. The recent Australian Chamber of Commerce and National Bank survey found the largest factor inhibiting business expansion in the coming year was lack of demand.

We have gone from extreme optimism about the recovery to a general feeling that it is tentative. Why? For one thing, the joy over the ending of the drought evaporated as world over-supply and other factors meant that of all our primary exports only wool is doing very well. Minerals, too, are in the export doldrums.

But one of the most potent factors in the loss of confidence is that the more the Government carries on about full wage indexation and tax cuts dictated by the ACTU, the more the average person gets worried about his or her future. People are not fools: they know the country cannot afford the wage and cost increases that have been dished out since the Federal

Government came to power. They know how much their boss is under pressure. Every man or woman at work knows how difficult it is for the enterprise they work for to forge ahead, make their jobs safe and provide jobs for their children when they grow up.

The more they see of the Government cosying up to the ACTU, the more worried they get. It seems the Government is pushing the union movement along on a wave — and goodness knows where it will stop.

The Government has been trying to promote the private housing sector. It has tried to make it one of the recovery leaders. Now, building unions are attempting to take this area over and unionise sub-contractors. We all know this will mean increases in costs and prices, and delays, if the commercial construction industry is anything to go by.

It is a safe bet the Government will make no more fuss over this than it did when the building unions stopped work on our 1988 Bicentenary project, the new Parliament House, on the Prime Minister's doorstep in Canberra.

There is no sensible person inside or outside the Labor Party who will not admit what the unions did to Australia in the years immediately leading up to the recession was diabolical. The ensuing wage freeze was a sort of fine on the unions.

Now Mr Willis tells us the tax cuts are partly to satisfy unions pressing for the 9.1 per cent catch-up in wages. It is like asking for the fine to be paid back.

We welcome responsible tax cuts paid for out of expenditure cuts, but not out of larger deficits.

This Government is no better than the last in trying to turn our manufacturing industry into an import industry. Manufacturing did not ask for the high costs it must bear to be foisted on it, causing a loss of price competitiveness with imports.

Australian manufacturing used to employ nearly 30 per cent of the workforce. Now it is 18 per cent – the level it was in 1901. We are exporting jobs, not goods.

To get economic confidence back into his many fans who wildly applaud him as a person, the Prime Minister has to do more than make nice speeches written by Mr Freudenberg.

He has to concentrate on establishing the conditions so this country delivers everything on time at the right quality and price, with the full co-operation of all, including the unions. That is what real consensus is all about. At the moment, the impression is the unions are dictating economic policy and getting far more than they deserve. That is frightening everybody, including the unions' members.

Mr Hawke, in the impressive way he conducted himself when he won office and immediately afterwards, raised great expectations in the Australian people. They signalled they were willing to follow him and make the sacrifices necessary for any bold leap forward. The people are still cheering but now they are sending out a different message. Mr Hawke should listen.

# ACTU GETS ROLE IN DRAFTING TAX CUTS

Melbourne THE AGE in English 17 May 84 p 3

[Article by Michelle Grattan]

[Text]

CANBERRA. — The Federal Government yesterday gave the ACTU an exclusive and unprecedented role in helping draft a key section of the Budget.

The Government established a joint working party with the ACTU to negotiate the details of the proposed income tax cuts.

The Treasurer, Mr Keating, said the ACTU was playing a very significant national role in helping, by wage restraint, to break the back of inflation. "Therefore it is entitled to very significant treatment by the Government," he said.

The working party will meet during the next few weeks, and there will then be a further Government-ACTU general meeting in mid-June. Union leaders on the working party will include Mr Simon Crean, the ACTU's senior vice-president, Mr Laurie Carmichael, an assistant secretary of the Amalgamated Metals Foundry and Shipwrights Union, Mr Bill Mansfield, of the Australian Telecommunications Employees Association, and Mr Michael Easson, of the NSW Trades and Labor Council.

Mr Keating will lead the Government representatives, who will include departmental officials.

The Opposition Leader, Mr Peacock, said the decision to establish the working party excluded several groups that had a right to influence the Government's Budget planning.

After yesterday's meeting between Mr Keating, the Minister for Employment, Mr Willis, and

an ACTU delegation of about 15 led by Mr Crean and the ACTU secretary, Mr Bill Kelty, a joint statement reaffirmed that "significant taxation relief directed at lower and middle-income earners" was a priority for the Budget.

Both Mr Keating and Mr Crean later said that "significant" meant more than the \$2 figure that had been mentioned in media reports as likely.

The Government achieved its aim at the meeting — a renewal of the ACTU pledge to continued wage restraint under the accord.

"The ACTU reaffirmed its commitment to acceptance of the Medicare effect on wage rates later this year," the joint statement said.

The ACTU also reaffirmed that any claim for "catch up" of the 9.1 per cent wage rise lost during the wage pause "can only be pursued consistent with economic recovery". This catch up could also be provided in forms other than as money wages.

"The ACTU stresses that the claim will not be pursued in any way which undermines the accord," the statement said.

Mr Crean said that specific figures for the size of the tax cuts were not pursued at the meeting. The working party would "develop options" and bring a clearer picture back to a future meeting.

The detailed tax cut negotiations show how enmeshed the ACTU has become in the Government's economic decision-making.

The exclusion of business from the working party is a public acknowledgement of the fact that the tax cuts are primarily a trade-off

in exchange for the union movement's commitment to wage restraint.

Asked whether the ACTU would be given details before the Budget was brought down of the size and scope of the tax cuts, Mr Keating said: "The answer's probably yes. We'll be having negotiations over the course of the next month or two where at least the parameters of the tax cut will be discussed and understood by the ACTU."

But Mr Keating indicated that the ACTU would have more say on the way the cut was distributed than on its total, which will be reached by juggling spending cuts, new welfare spending demands and the need to have a deficit low enough to sustain business confidence.

He said the negotiations with the ACTU was about the form and style of the cut rather than the order of magnitude. Government sources say tax cuts could cost about \$1000 million next financial year. The actual figure, however, depends on final revenue figures.

The ACTU and the Government also agreed at yesterday's meeting in the Cabinet room that the Budget should concentrate as well on aspects of the "social wage". Mr Crean said later this meant better welfare help for the needy.

Mr Keating described yesterday's meeting as historic; it was a meeting between organised labor and the Government seeking to "break the back of inflation in this country".

Meanwhile, Paul Robinson reports that Left-wing unions yesterday said workers would not be satisfied with cuts of \$2.50 or \$3.

Unions contacted yesterday said the prices and incomes accord clearly stated that a Labor Federal Government would promote substantial tax cuts for middle and lower-income earners.

The State secretary of the Administrative and Clerical Officers Association, Mr David Bunn, said the \$2.50 figure was "certainly not significant, particularly in the context of a small national wage rise later this year."

HAYDEN: ANTI-URANIUM LOBBY WEAKENS NONPROLIFERATION TREATY

Canberra THE AUSTRALIAN in English 14 May 84 p 1

[Article by Niki Savva in London and Paul Ellercamp]

[Text]

THE Foreign Minister, Mr Hayden, has linked the development of Australia's uranium mining industry with the continued viability of the Nuclear Non-proliferation Treaty (NPT).

Mr Hayden said on his arrival in London at the weekend that people who opposed the mining and export of uranium in Australia were making an effective contribution to weakening the treaty.

The result was that next year's renegotiation of the NPT could leave the treaty as a very threadbare instrument.

Mr Hayden, at the start of a four-week overseas tour, said that prospects for negotiation of limits on the use of outer space for military means were not very good.

"But I think the most important thing is that for Australia we have to recognise that we have a very large and important obligation under the non-proliferation treaty," he said.

"As a supplier of uranium for peaceful purposes we are obliged to make sure that those supplies become available under proper safeguards

under Article IV (of the treaty).

"If we don't do that, then we deliver a very savage body-blow against the prospects of a successful renegotiation of the treaty, which is already under severe challenge."

Mr Hayden predicted that enormous instability could arise between the superpowers if the treaty failed.

Mr Hayden's warning elaborates an earlier line by the Hawke Government that the treaty obliged Australia to share its uranium with the world.

This is a major argument used by proponents of expanded uranium mining and export within the Government to support their push for a new, more liberal uranium policy from the ALP's biennial conference in Canberra in July.

The Government has been pushing the argument for months.

In an interview with *The Australian* on December 31, the Prime Minister, Mr Hawke, warned that Australia's failure to supply uranium to the world would make the nuclear situation less safe.

EXPERT CRITICIZES ANZUS TIES

Christchurch THE PRESS in English 1 May 84 p 28

[Text]

NZPA-AAP Canberra

Australia does not need a "powerful friend" for protection such as that given by the A.N.Z.U.S. defence alliance, says a defence fellow at the Australian National University's strategic and defence studies centre, Mr Andrew Mack.

Mr Mack, a senior lecturer in international politics, has just taken up a five-year appointment at the centre.

In the latest edition of the "A.N.U. Reporter" he said Australia was not defenceless, did not need a great and powerful friend for protection, and could not rely on the United States to come to its aid.

"Most Australians believe that Australia is threatened, defenceless, and therefore needs a great and powerful friend.

"This is simply not the case."

Mr Mack said he was writing a book which would say that assertions about the Soviet threat had been grossly exaggerated.

The assertion that the Soviet Union was ahead in the strategic arms race, as

suggested in the Strategic Basis papers recently leaked to the news media, "was quite simply wrong," he said.

"In the United States such claims are made to rationalise the Reagan Administration's massive strategic modernisation programme.

"There is no reason for Australia to echo them," Mr Mack said.

Australia's potential enemies lacked the capability to seriously threaten, he said.

"If they sought to attain such a capability we would have sufficient time to build our currently inadequate defences to meet the threat thus posed."

Mr Mack said that perceived threats from Australia's north were based on false assumptions.

"People often claim that Indonesia's Government, confronting a large and growing population, might covet Australian territory to gain access to living space.

"There is little evidence for such a claim. The Indonesian Government is having enormous problems trying to persuade people to move away from the over-populated parts of Indonesia to the under-populated areas."

Mr Mack said there was plenty of space in Indonesia without its taking on the risks and costs which would be involved in attempting to invade Australia.

On the question of whether Australia might consider developing nuclear arms if it appeared that an Asian neighbour was doing so, Mr Mack said there was no doubt Australia would reassess its options if such a development took place.

"There is no enthusiasm at all for nuclear weapons in either the Government or the Department of Defence.

"There is a big difference between countries pursuing nuclear energy programmes and those seeking the capability to produce nuclear weapons which can actually be targeted on Australia," Mr Mack said.

CSO: 4200/822

WEST IRIAN REBEL LEADERS DESCRIBE STRUGGLE IN EXCLUSIVE INTERVIEW

Melbourne THE AGE in English 2 May 84 pp 1, 11

[Article by Damien Murphy: "Rebels in 'Playboy' Shirts"]

[Excerpts] ARMED rebellion on the Papua New Guinea-Irian Jaya border wears a Playboy T-shirt.

At 11.32 pm last Thursday, in a thatched hut somewhere near the border the village chief, a dead ringer for Chuck Berry, looked down at a pot of boiling water over a fire and said in pidgin English: "pinis toktok". Outside in the darkness muffled voices speaking Indonesian surrounded the hut.

Suddenly three men climbed the notched pole and stood inside the door, illuminated by the light thrown by the wick jammed in a tin of kerosene. Each shook hands, saying "salaam".

The first man to enter wore khaki fatigue pants and a blue and white T-shirt, courtesy of Hugh Hefner. He was introduced as the chairman of the Senate of West Papua, Mr Fisor Yarisetouw.

The second was Mr Basilius Mekawa, the Deputy Minister for Defence, who was in khaki shirt and shorts and a bush hat resembling those worn by Australian infantry men in Vietnam.

Bringing up the rear was Marcellus Tet, introduced as the head of intelligence. He had on a blue T-shirt, with a kiwi and the words New Zealand on his chest, and two pairs of shorts. The bottom ones were satin, the top a red-and-white check resembling pyjamas.

The three are senior members of the OPM (Operasi Papua-Merdeka or Free Papua Movement) rebel army-cum-self-appointed government-in-exile.

**B**Y 1.30 am Mr Yarisetouw was ready to talk. The OPM had its origins in the early 1960s when

the Melanesians began to call for an end to Dutch colonial rule of West New Guinea, as Irian Jaya was then known.

The border which runs down the 141st parallel was something agreed to years before by white men in Germany, Holland and Britain. Just as the Europeans carved up Africa with no consideration for racial or ethnic origins, the PNG-Indonesia border divides Melanesian from Melanesian.

In 1963 the Dutch pulled out and Indonesia took over West New Guinea.

The United Nations observed an "act of free choice" in 1969. The OPM and people in PNG say the exercise was a joke. Indonesia reputedly wine and dined village and area chiefs who voted to go with Jakarta; today these men reputedly live in luxury in the national capital or are among the few Melanesians now occupying important positions in Irian Jaya.

In 1971 two men, Seth Rumkoren and Yacob Prai, raised the



"Morning Star" in a highland village. It was the first of many showings of the rebel flag. Reports of Indonesian reprisals invariably followed.

Both Runkoren and Prai became leaders of factions of the OPM. In the early 1970s they fell out. Runkoren led the Markas Victoria (Victory Headquarters) faction and Prai the Markas Penka (Camp Headquarters) group.

The OPM men in the thatched hut claimed the split resulted from differences of opinion between the two former friends as to how the OPM campaign should be run. OPM members in a border-crossers camp outside Vanimo said the falling out occurred because there were some allegations of financial misappropriation on the part of one of the factions. On the return walk to Bewani, Xavier said Runkoren and Prai had broken up after arguing over the same woman in a village. Take your pick.

Whatever the reason, the bitter faction fighting, aided and abetted by a spokesman from both camps making "official" pronouncements from the safety of Port Moresby, saw the OPM dismissed by military people in PNG as a spent force.

Prai was arrested at Vanimo in 1976 and is now in exile in Sweden. Runkoren, after camping out with his followers for years behind the PNG coastal border village of Wutung, was arrested after a canoe journey to Rabaul in 1981. He is now in Greece.

According to Mr Yarisetouw, the surviving faction members got together in July 1981 and decided to unite under the new banner of Markas Besar OPM (Headquarters of the OPM), with James Nyaro as president. The new grouping also has a Cabinet of some 20 self-appointed Ministers and a Senate comprising men fighting in the jungles of the border.

Just how united the membership is remains to be seen. In Port Moresby various people claim to represent the OPM but Mr Yarisetouw said most of them had fled the field of battle and, although claiming to be Ministers, none would receive Cabinet posts when "we gain our independence from Indonesia".

**T**HE kidnapping of the Swiss pilot illustrates that the OPM's faction problems remain. Mr Yarisetouw said it was never intended to hold him for ransom after the OPM had killed his Indonesian passengers. However, a "spokesman" in Port Moresby had come out saying the pilot would be freed for \$1.6 million.

The problems faced by the ill-equipped and naive OPM campaign are best illustrated by a Zurich headline on a story written by two Swiss journalists in PNG for the pilot story. It began: "Cannibal guerillas..." The OPM at the border all claim to have a Christian background.

As an army, the OPM is on the ultimate quixotic quest. Shanks's pony is the only means of communication. Their weapons are usually obsolete Dutch rifles or those they steal from the Indonesian soldiers they kill. They also use bows and arrows in attacks on Indonesians unfortunate enough to stray from the safety of numbers. Mr Yarisetouw spent some time explaining the successful use of a sharpened leg bone from a cassowary as a bayonet. He was quite serious, and seemed to think it an effective weapon in the jungle.

I asked if the OPM would ever consider going to countries that arm and fund rebel groups. "You are talking of aid from communism," he said. "Indonesia is a communist country. Communism is not good. It would be better if PNG or other democracies came and helped us because we believe in democracy and Christianity, and that is why we do not ask for help from communist countries."

The three men spent eight minutes adding up before saying they had 5000 men on the border. I laughed, saying most PNG reports put their numbers at about 1000 at most. He said the OPM had men in every village prepared to fight.

Occasionally there are unconfirmed reports of flag-raising and raids on Indonesian installations throughout Irian Jaya. Mr Yarisetouw said the OPM had 70,000 men willing to fight throughout the country but his group along the border had little contact with other OPM enclaves.

The latest flare-up, which resulted in people crossing the border,

started on 11 February with the flag-raising in Jayapura.

Mr Yarisetouw said the rebellion was originally planned for 13 February but had been brought forward when the OPM learned that the Indonesians had discovered the plot. It had been intended to be the start of an all-out rebellion, but its failure had seen Indonesians conducting house-to-house searches. He claimed Melanesians suspected of OPM sympathies were being tortured and harassed.

Mr Tet, the intelligence man, said he had visited the village of Sawayamas, which, he claimed, had been attacked by Indonesians on 26 February. Through Xavier, he said: "Women have been raped and houses burnt."

He also said that Indonesian soldiers had visited the village of Mor in the Irian Jaya highlands and had told the people: "The rifle is for the Government but the bayonet is for the people and I will drink their blood from it." Many people had crossed the border at Green River and Kamberatoro after this, he said.

Mr Tet claimed that platoons of Indonesian soldiers had been deposited at posts all along the border in the Jayapura province and were settling in for a three or four-month campaign against the OPM.

Reports from Jayapura and others appearing in the PNG Press put the number of Indonesian soldiers killed since early February at less than 20.

Asked how many they thought had been killed since February by the OPM, the three men went into another long huddle and eventually came up with the figure of

"about 140". They did not appear to be boasting. They also said they had the firearms to prove it, which was the important thing. It did not matter if people believed them or not.

At 4.20 am they called a halt to the proceedings saying that I needed sleep after my walk and that they wanted to discuss some business with Xavier. Xavier asked for my tape recorder because he had a tape of a Jayapuran folk group singing traditional songs and wanted to let the men & listen to a few memories.

Mr Yarisetouw, 33, has been in the jungle since 1969. Mr Mekawa, 49, a former paratrooper with the Indonesian army in Java, returned home to Irian Jaya to become a patrol officer but left in 1978 to join the OPM because, he said, he had carried out orders to kill fellow Melanesians when he was a patrol officer. Mr Tet, 29, became an OPM mascot in 1966 as an 11-year-old. All are married with children.

I lay in the corner of the hut, about two metres from the group, thinking about the handguns in their bags, but soon fell asleep to the music on the tape recorder.

(I learned later from Xavier that, apart from listening to their memories and talking business, the OPM men had provided him with something very hard to come by in PNG: a set of rather well photo-copied pictures of a male and female Caucasian couple that had been lifted from a sex manual. He also had some pictures from pre-'Playboy' nudist magazines that were a staple in Australian boarding schools of the 1950s.)

At 7.30 am I awoke and, after coffee, switched on my tape recorder. Mr Yarisetouw began by speaking about the embarrassment the OPM was causing to PNG by using its territory as a sanctuary from the Indonesians.

"We are very much concerned," he said.

"We don't want PNG in trouble. But the Indonesians are so cruel and because of their roughness, Melanesians in Irian Jaya cross the border. But my people do not know they have crossed because there are no posts. Only when they meet other Melanesians do they know they are in PNG. The people are the same as we. So that's okay. We have to fight for freedom and our rights, so we move back, and back across the border."

Mr Yarisetouw said the OPM with the entire Melanesian population of Irian Jaya were fighting for the life of their race. He said the Indonesian policy of bringing different ethnic groups from elsewhere in the country to settle Irian Jaya would eventually see the death of his race.

"They break our culture," he said. "They bring ladies (prostitutes) from Java to Jayapura to drain our men. The half-breed babies mean our culture will die," he said.

I pointed out that in recent talks between the PNG and Indonesian Governments in Jakarta it was made clear that what went on within Irian Jaya was purely an internal matter and no other nations were likely to intervene. This also held true for the United Nations.

For the first time in 10 hours, Mr Yarisetouw's voice was raised and tears welled in his eyes. "If that is so, it is no good to wait for somebody to come. We have been waiting for so many years now. Nothing happens. We appeal to PNG and Indonesia to let us talk and PNG be referee. At the same time we ask countries like France, Australia, America, Holland, all these, if they cannot help solve the problem we have been waiting for so many years to be solved, then they can help Indonesia wipe them all out and kill the very people who are fighting for the rights of their land."

Xavier interrupted, saying: "I feel sorry when I hear all this going on." He turns to the OPM men, and says: "Pinis toktok."

We left quickly. An hour later and we walk into a village called Scotchiao. On a flagpole, in the centre of the village, the PNG flag with its Southern Cross and bird of paradise hung limply in the hot still morning.

CSO: 4200/821

INDONESIA

WEST IRIAN REBEL LEADERS DESCRIBE STRUGGLE

Melbourne THE AGE in English 2 May 84 p 1

[Article by Damien Murphy]

[Text] VANIMO--Irian Jayan rebels claim to have killed more than 140 Indonesian soldiers in clashes since February.

They also claim Indonesian troops have been conducting a terror campaign, raping women and burning villages along the Papua New Guinea-Irian Jaya border.

The rebels, members of the OPM (Operasi Papua Merdeka or Free Papua Movement) a guerilla army-cum-self-appointed Government in exile, also say they have 5000 men ready to fight the Indonesians in villages along the border.

In the first interview with a foreign journalist since a failed OPM rebellion in the Irian Jaya capital of Jayapura on 11 February, the chairman of the self-appointed Senate of West Papua, Mr Fisor Yarisetouw, said his men were involved in a "fight-to-the-death" struggle with the Indonesians.

"Irian Jaya is our country. It is the place of Melanesians. The Indonesians plan to kill our culture with resettling people from Java and wipe us out," he said through an interpreter.

Since the failed rebellion in February, more than 4500 Irian Jayans have crossed the border seeking sanctuary in Papua New Guinea.

An estimated 2660 have crossed into Papua since Easter. Both the Indonesian and Papua New Guinea Governments are negotiating to have the border-crossers sent home.

Mr Yarisetouw said that any people admitting OPM membership or suspected of having OPM sympathies would be killed if they were returned to Irian Jaya.

"The last time there was big trouble, in 1977, some of those sent back have disappeared," he said.

Mr Yarisetouw and two other OPM men, the deputy Minister of Defence, Mr Basilius Mekawa, and the head of the OPM intelligence, Mr Marcellus Tet, spoke

about their flight with Indonesia during a 12-hour interview conducted in a hut somewhere near the Irian Jaya border last Thursday night.

The hut was in a village about six hours walk from a Papua New Guinea Government post at Bewani, about 50 kilometres from the north coast.

The OPM has been using Papua New Guinea territory as a refuse in its long battle with Indonesian troops.

The guerilla army would be among the most poorly equipped in the world. The only weapons they have are guns they take from the bodies of Indonesian soldiers, a few out-of-date rifles from the Dutch colonial days, bows and arrows and a bayonet-like device shaped from the leg bone of a cassowary.

The OPM received international media coverage after it kidnapped a Swiss pilot and killed his two Indonesian passengers after he landed his plane at a jungle airstrip in Irian Jaya.

Mr Yarisetouw said the OPM wanted an independent country such as Papua New Guinea or Australia to "act as referee" while the rebels explained their opposition to Indonesian plans to resettle more than 800,000 people from Java in Irian Jaya.

He said that if Western nations could not help bring OPM's claims for independence to world attention then they would be aiding the Indonesians in killing off the Melanesian race in Irian Jaya.

CSO: 4200/821

## INDONESIA

### ISLAMIC VIEW OF PANCASILA

East Burnham ARABIA: THE ISLAMIC WORLD REVIEW in English May 84 pp 35, 36

[Text] Some Muslim organisations responded to the ban by removing Islam from their statutes. The United Development Party (UDP), an amalgam of several Islamic groups, and the Nahdliadul Ulama, changed their objectives in line with the new state regulations. The Muhammadiya Organisation, however, the oldest and largest Muslim organisation, has vowed to resist the state's pressure. Many of its leaders now face government repression as a result.

The introduction of the Pancasila philosophy in the state constitution has raised many questions on the role of Islam in Indonesia, the largest Muslim country in the world. The government is keen to make Indonesia a secular state with no place for Islam in political affairs. The Muhammadiya Organisation, and many other Islamic parties are, however, determined to fight for political activities inspired and guided by Islam.

The vast majority of Indonesia's population--more than 90 per cent--adhere to Islam. It is one of the five religions recognised by the state. The Constitution gives freedom of worship, and there is a ministry concerned with the religious affairs of citizens. The ministry administers Islamic educational institutions, from elementary to university level. Almost every large province has its own State Institute of Islamic Studies. These adopt a curriculum very similar to that of Al-Azhar in Egypt and Zaitunah in Tunisia. There are also some private Islamic schools and higher educational institutions run by individuals or Islamic organisations.

In light of this, one may conclude that Islam figures in the political life of Indonesia. As Muslims are in a majority and hold important positions in parliament, cabinet, universities, military and civil administration, their Islamic identity should also be reflected in the political life of modern Indonesia.

In the present government, more than half of the ministers are Muslims, though the Christian percentage is also high, with six ministers. Indonesia is categorised, especially by the foreign press, as an "Islamic state"; a claim that is true in the sense that it is a member of the Organisation of the Islamic Conference. However, the philosophy of the state, based on secularism, confines Islam to a secondary role in society.

Top decision makers, with little or no religious background, have insisted that Islam is one among the many religions of the world. They have tried to secularise social and family life. A few years ago the government introduced a national family law which ignored Islamic principles. Muslim organisations were quick to protest against this state intervention. The government was forced to change the law, though the changes did not bring the law completely in line with Islamic principles.

Moreover, the government and the ruling politicians have always portrayed Islamic political parties as dangerous to Indonesia's social fabric. The mass media consistently seeks to implicate Islamic parties in "conspiracies against the Indonesian people." In order to save Indonesian society from "disruption" and "chaos," the bureaucracy continuously tries to muzzle those Islamic groups which say that Islam does not recognise a separation of religion from politics and assert that Islam should be the basis of a new Indonesia.

The Indonesian Constitution is not Islamic. It is based on a secular creed called Pancasila, the five principles, which are, belief in One God, Indonesian unity, humanitarianism, democracy and social justice. There is no official interpretation of the Pancasila. Its meaning and application depend much on the specific requirements of the administration in power. It is thought of as self explanatory. Every citizen is asked to enrich Pancasila through his thoughts and deeds, to build a peaceful and prosperous Indonesia.

Pancasila was a result of an agreement reached between Indonesian leaders during a series of meetings before independence in 1945. Efforts were made by the Muslim leaders during the meetings to make Islam the basis of the Constitution, but secular leaders argued that the question of the role of Islam in Indonesian politics should be settled by a representative body elected by the people after independence had been won. The Muslim groups fell into this well-laid trap.

Soon after independence the promises were forgotten and the government removed from the Jakarta Charter (the draft constitution) portions which said that belief in One God, with the obligation to carry out the Islamic Sharia, would be the building principle of the state. The reason for the omission was not clear, but it was said that some Christian leaders from the east of Indonesia had hesitated to accept it. The Muslims did not argue the matter further as the new state was in a critical situation, and the question of national unity was seen as the most important matter.

In 1945, when the proposal to establish a ministry of religious affairs was discussed during a session of the Panitia Persiapan Kemerdekaan Indonesia (Committee for the Preparation of Indonesian Independence), only 6 out of 27 members of the committee were in favour. Those who rejected the proposal included Christians who feared that the ministry would be monopolised by Muslims.

The Christians did not need government help to take care of their religious affairs as they had strong religious organisations which, since colonial times, receive massive support from abroad. The Muslims, however, felt that

the ministry was only a compensation for the omission of "Islam" from the Jakarta Charter. This became apparent subsequently when the Muslim leaders failed, during the sessions of the first elected parliament in the 1950s, to get that clause restored to the Constitution.

Now, after more than 38 years of independence, the issue has again come to the fore. The government decision virtually to outlaw Islamic parties which stress the political role of Islam in Indonesia has made it clear that it is not interested in accepting Islam. The government may feel satisfied temporarily that some Muslim organisations have changed their objectives to suit its requirements. However, a serious confrontation awaits the rulers. If the Islamic parties unite to resist the latest state move the government will find it hard to ignore these feelings.

CSO: 4200/821



NEW ZEALAND DEVELOPMENT AID

Wellington THE EVENING POST in English 9 May 84 p 41

[Text] Indonesia will get about \$4 million in development help from New Zealand this year--down from a peak of \$7 million in 1981-82.

New Zealand's contribution comes within \$3040 million in aid from a group of industrial nations aiding Indonesia--the Inter-Governmental Group on Indonesia.

This group also includes Australia, Belgium, Britain, France, Italy, Japan, Holland, Switzerland, the United States and West Germany.

Geothermal development has been New Zealand's main aid contribution to Indonesia for more than a decade, with around \$30 million spent on a power station and supply networks opened by Indonesia's President Suharto, and the Prime Minister, Sir Robert Muldoon, last year.

Aid to Indonesia has generally been maintained around \$4 million a year, with a bulge in 1981/82 of \$7 million due to extra spending on the power project.

That work has largely wound down now, though New Zealand is working with Indonesia on training of geothermal technicians and advising on the operation of the station and transmission.

Former Ministry of Works and Development chief geothermal engineer Mr Dick Bolton is in Indonesia advising on the programme, while Indonesians are studying geothermal technology at Auckland University.

Dairy

New Zealand consultants are also in Indonesia under the auspices of the Ministry of Foreign Affairs external aid vote. They are monitoring some operation of the power station.

This year's main project for New Zealand in Indonesia is aiding the development of the national dairy herd with breeding and production help from New Zealand specialists.

Other areas in which New Zealand has helped Indonesia are in preserving and breeding of a local species of cattle and constructing an abattoir.

CSO: 4200/821

## INDONESIA

### TRADE WITH SOUTH KOREA

Jakarta BUSINESS NEWS in English 4 May 84 p 6

[Text] The Director of Korea Trade Center, Jakarta, Chung Hae Soo announced that the trade between Indonesia and Korea is always in favour of Indonesia.

Korea's export to Indonesia in 1982 totalled US\$.382,917 thousand while Korea's import from Indonesia in the same period reached US\$ 682,520 thousand.

In 1983 exports from Korea to Indonesia dropped compared with those in 1982, i.e. US\$. 251,720 thousand, while Korea's imports from Indonesia in the same year amounted to US\$. 287,203 thousand.

The figures of exports from Korea to Indonesia and exports from Indonesia to Korea are as follows (in US\$ ,000)

#### 1) Exports from Korea to Indonesia

Commodity	1983
Paper	2,355
S u g a r	13,819
C e m e n t	9,050
Fertilizer	798
Artificial resin	27,169
Iron and steel	79,034
Machinery	25,429
Electric equipment	5,643
Electronic products	7,913
Transport equipment	721
T e x t i l e	21,631
O t h e r s	58,158
T o t a l	251,720

## 2) Export of Indonesia to Korea

Commodity	1983
Oil seeds & oleaginous fruits	4,060
Animal fats/oils	551
Sugar/sugar confection	4,904
Metallic fuel/oil	292,931
Natural rubber	9,097
Wood/articles of wood	43,096
Tin/artificial of tin	9,995
Electric machine and equipment	151
O t h e r s	22,418
T o t a l	387,203

It can be noted that from 1986 Korea will import LNG from Indonesia with an annual value of US\$.600 million. It means that the trade-gap between both countries will be more expanded and on account of this, KOTRA hope that Indonesian business men will be eagerly interested to purchase more Korean merchandises in the future to improve the balance of trade between the two countries.

CSO: 4200/820

# DEVELOPMENT OF INVESTMENTS IN NORTH SUMATRA

Jakarta BUSINESS NEWS in English 16 May 84 pp 7, 8

[Text] Medan--A number of 222 companies had made investments in 289 projects in North Sumatra till the end of 1983, with total investments of US\$.2,210,-418,000 under the PMA (foreign investment) scheme and Rp 605,023 million under the PMDN (domestic investment) scheme. Those 289 investment projects provide jobs for 327,622 workers, Drs. Abdul Hakim Nasution, head of BKPM (Provincial Investment Coordinating Board), disclosed at a meeting on investments in metal and machinery industries here recently.

Sixteen out of the 222 companies operate in the metal and machinery industries, and three of the 16 companies operate under the PMA scheme with a total investment amounting to US\$. 2,005,725,000 and 13 others operate under the PMA scheme with total capital amounting to Rp 45,685 million. The three PMA companies employ 2,745 workers and the 13 PMDN companies provide jobs for 1,432 people.

Ir. Achmad AZ of the Investment Coordinating Board (BKPM) disclosed on the occasion that the board was at present conducting various technical research in the economic field to prepare the handling of projects contained in the priority rating list.

The research activities have been carried out in cooperation with various sides, such as the World Bank, USAID and the West German Government. The preparation for the realisation of the research program has been undertaken in cooperation with the Netherlands Government, Bank de Paris and the Middle East CCI.

BKPM has completed the study for 13 projects in cooperation with West Germany. A number of 60 to 70 more projects in the field of industry and agro industry are expected to be completed this year, and 70 to 120 more to be completed next year.

Ir. Sulaiman Said of BKPM said mean while that cooperation in the investment sector in Indonesia was also open to Australian businessmen. In this connection, he pointed out that Australian private investors needed Indonesian partners in industries related to rail tracks, LPJ containers, oxygen bottles, automotive instruments, industrial pumps, high voltage electric instruments, chemicals for water purification, processed leather and wooden sport instruments.

## TRADE WITH EAST GERMANY

Jakarta BUSINESS NEWS in English 18 May 84 p 7

[Text]

Since the signing of a bilateral trade agreement between German Democratic Republic and the Republic of Indonesia in 1974, the trade volume between the countries had remained small, compared with the development in the volume of trade between Indonesia and West Germany, which stood at an average of 1.5 million tons with average value of US\$. 1.4 billion/year during the period. The average volume and value of trade between Indonesia and East Germany in the past ten years have reached 30,000 tons and US\$.20 million respectively.

But the trade agreement has increased the volume and value of trade between Indonesia and East Germany by seven times and six times respectively in the past ten years. The recent visit of the East German Deputy Minister of Foreign Trade to Indonesia is expected to boost the development of bilateral trade between the two countries.

The balance of trade between East Germany and Indonesia in the past ten years, except in 1982, has shown surpluses for the Indonesian side, according to data obtained from BPS (Central Bureau of Statistics).

Indonesia's exports to East Germany consist of mainly Robusta coffee, natural rubber, tropical fish, white pepper and handicraft products. From that socialist country, Indonesia imports among other things capital goods, iron ingots, fertilizer, steel plate, generator sets and other machines, electric equipment, optical products and chemical products.

## PLANTATION PRODUCTION TARGETS FOR 1984

Jakarta BUSINESS NEWS in English 18 May 84 pp 9, 10

[Text] Jakarta--The targets of production for five plantation commodities set for 1984 are higher than the realisation of production in 1983. The five commodities are palm kernel, cacao, palmoil, coffee and granulated sugar.

The target for 1984 is 129.63 percent of the 1983 production for palm kernels, 123.47 percent of the 1983 production for cacao, 109.95 percent of the 1983 production for palmoil, 104.57 percent of the 1983 production for coffee and 103.51 percent of the 1983 production for granulated sugar.

The targets set for five other plantation commodities this year are lower than the production last year. The target is 97.63 percent of the production for tea, 97.38 percent of the production for jute, 95.44 percent of the production for rubber, 69.37 percent of the production for quinine and 62.66 percent of the production for sugar.

The realisation of production in 1983 and the target of production for 1983 and 1984 for ten commodities from major plantations are as follows: (in tons)

Commodities	Target in 1983		Production in 1983*)		Target for 1984	
	State-run (PTP)	Private	State-run (PTP)	Private	State-run (PTP)	Private
1. Palmoil	637,338	262,806	638,316	265,229	657,185	335,150
2. Palm kernel	97,859	44,859	111,808	43,490	145,753	55,555
3. Rubber	191,460	120,376	178,998	125,580	171,281	119,420
4. Tea	72,292	26,819	75,970	17,748	72,510	18,985
5. Coffee	7,935	6,295	9,999	6,864	12,044	5,590
6. Cacao	13,274	2,720	11,258	2,393	13,298	3,557
7. Quinine	1,120	56	1,821	105	1,229	107
8. Manila						
hemp	--	250	--	399	--	250
9. Granulated						
sugar	1,632,921	307,387	1,285,952	267,609	1,348,826	259,244
10. Ramie	11,305	--	9,743	--	9,488	--

\*) Provisional figures.

## SUBROTO ON PROJECTED EXPORTS

Jakarta BUSINESS NEWS in English 16 May 84 p 4

[Text]

Minister of Mines & Energy Dr. Soe broto has stated that Indonesia's export revenue in 1983/84 reached around US\$. 19.3 billion, comprising US\$ 14.2 billion from oil/gas exports and US\$ 5.1 billion from non-oil/non-gas exports. Some US\$ 652 million out of US\$ 5.1 billion created by non-oil/non-gas exports were derived from the exports of non-oil/non-gas minerals, he said.

The minister stated further when he was installing members of the board of directors and the board of commissioners of PT Aneka Tambang, the state-run mining company, here Tuesday morning that Indonesia's foreign exchange earnings in 1989/1990 was projected at US\$.31 billion, of which US\$.20.3 billion is expected from oil/gas exports and US\$.10.7 billion from non-oil/non-gas exports, including US\$. 1 billion from the exports of non-oil/non-gas minerals.

Soebroto stated on the occasion there was still no indication of the increase in the mineral price at present. He expressed the hope that the world demand for minerals would be up in Pelita IV (fourth five-year development plan - 1984/85 to 1988/89).

He stated that the available funds should be used as efficiently as possible, as there would be no abundant funds from the government or from banks. He also called on state-run companies under the Mines and Energy Department to implement open management.

FRETILIN RESISTENCE CONTINUES

Penang THE STAR in English 28 May 84 p 12

[Text]

JAKARTA, Sun. — Separatist guerillas in East Timor continue to hold out against some 15,000 Indonesian troops who began major operations against them 10 months ago, religious and diplomatic sources here said yesterday.

Sporadic clashes between government troops and the outnumbered guerillas of the East Timor independence movement Fretilin have left hundreds dead on both sides since last August in the former Portuguese colony.

Indonesia's counter-insurgency drive in East Timor, which was forcibly annexed by Jakarta in 1975, is likely to continue for several more months, the diplomatic sources said. The operations involve helicopters, aircraft and armoured cars.

Fretilin's strength appears to have been underestimated by Indonesian authorities, according to the sources, who added that the guerillas, led by Gusmao Xanana and given more or less active support by much of the population, appeared to be well organised.

East Timor, whose takeover by Indonesia has not been recognised by the United Nations has a population of about 550,000, most of which is Roman Catholic.

The fierce fighting, numerous arrests, the combing operations carried out by the Indonesian military and the formation of a local security police force have

revived anti-Indonesian feelings in the province, which had been on the wane, Timorese sources here say.

Casualties on either side are hard to establish as journalists are not allowed in East Timor, and the Indonesian Press is forbidden to report on the fighting.

However, the sources here estimate that more than 250 Indonesian troops have been killed since last August.

Fretilin losses have probably been higher, they say. However, from August to December last year the guerillas were reinforced by about 100 deserters from local auxiliary battalions in the Indonesian army, they add.

Several hundred civilians fearful of arrest have also joined them, sometimes with their families, according to the sources.

The guerillas are holed up in the mountains in several groups, and the Indonesian forces try to cut their lines of supply.

According to religious sources, about 10 people from the small village of Dari in Viqueque region, in the centre of the province, were burned alive last month after Indonesian soldiers had poured petrol over them.

A Timorese priest also spoke of summary executions carried out recently by government troops to frighten the population.

CSO: 4200/841



## GUERRILLA FORCES STRENGTHENING IN EAST TIMOR

Beira DIARIO DE MOCAMBIQUE in Portuguese 18 May 84 pp 8-9

[Text] The execution of some typical guerrilla attacks in East Timor, in response to Operation Cleanup, which was launched by the Indonesia Army in October of last year, initiated a new phase in the liberation struggle headed by the Revolutionary Front for East Timor Independence (FRETILIN), Minister of Foreign Affairs Mari Alkatiri said in Maputo.

"Some guerrilla attacks, punishing campaigns and ambushes in the East have forced Indonesia to concentrate its army on this front; because, on the one hand, it is thought that President Xanana Gusmao is in that area, and, on the other hand, because the Indonesians are afraid that the FRETILIN will transfer the guerrilla war from East Timor to Indonesian Timor. This is why they have created a defense cordon along their frontier," Mari Alkatiri said.

In the military sector, the entry into action of a shock guerrilla commando unit should also be noted. Its mission is to locate and destroy certain targets and eliminate the Indonesian command cadres, such as to dismember the Djakarta army forces.

According to the Mauber diplomatic official, the Indonesian army is now completely disorganized and has lost the initiative in the attacks, as the initial result of the activities by the shock guerrilla commando unit. At some points in the territory, the Indonesian army is without officer cadres.

## Operation Cleanup--A Failure

With the defeat suffered by Indonesia in Operation Unity (August 1983), the central command of the Indonesian armed forces established a new objective: to clear the territory by whatever means necessary. In October of last year, Operation Cleanup began, involving 60 special and infantry battalions (between 45 and 50,000 soldiers). After several months of warfare, Mari Alkatiri said, all their intentions had been frustrated, including the elimination of the resistance of the FRETILIN guerrilla forces and the capture of Xanana Gusmao, leader of the Mauber people and the guerrilla forces.

"Not only was resistance not eliminated, but we even won victories and experienced a quantitative and qualitative leap in our combat activities. More than 1,500 of our members who had infiltrated the Indonesian forces rejoined us.

"Before 'deserting,' they provoked rebellions in the Indonesian barracks, during which several hundred soldiers fell. On their return, they gave new encouragement to the people in the liberated zones, and they brought with them weapons and various other goods. As the FRETILIN was aware of the 'desertion' plans, preparations had been made to receive the war materiel," Mari Alkatiri explained.

In view of all these actions, Indonesia strengthened its air force which at the present time is its main combat arm, and it assigned a new role to the forces of repression (security) and the paramilitary groups (the death squads) in the occupied zones.

"The Indonesian air force units stationed in East Timor currently have 20 aircraft, half of them fighter bombers of the F-5 and F-5E type, while 20 are helicopters. Daily bombing raids are carried out throughout the entire area where the presence of the FRETILIN commando forces is suspected. The aerial attacks begin at 4 or 5 am, with a short interruption at midday, and end at 7 pm. Chemical weapons are used. There are traces of napalm in the zones which have been attacked. At the same time, they are trying to poison the water sources," our interlocutor said, adding that the Indonesians burn crop areas and small farm plots. The use of fragmentation bombs, on the other hand, causes various skin diseases in the victims.

Helicopters are used as a weapon for responding to the attacks by the FALINTIL.

"For this reason, the guerrillas pursue the strategy of night attacks, which we call 'bat warfare.'"

Repression extends to massacres in the occupied zones. The death squads work at night and search "suspect" houses. They use weapons with silencers and thus it happens that whole families are either assassinated or taken away to unknown destinations.

The murders are systematically preceded by the rape of adults and children as well. These degrading actions have occurred mainly in Dili (the capital city), Baucau and Los Palos, our informant said.

In the mountains of East Timor, battles comparable to those in 1975 and 1976 (shortly after the invasion) are taking place.

"These are real classic battles, although this is not the military strategy of the guerrilla forces. To avoid intervention by the air force, the battles are very nearly hand to hand.

"But the FALINTIL has suffered few casualties, even reckoned in comparative terms. On our front we have lost no one on the middle command level, much less the high command. And this is after 10 months of harsh campaigns and battles."

## Repercussions Worry Djakarta

As occurred in 1981 and 1982, the Indonesian soldiers are arranging local and even sectorial truces with the guerrilla fighters. There are instances in which cease fires have been signed in the central zone and in the frontier areas between East Timor and Indonesian Timor.

"The Indonesian general staff feels trapped and unable to act. In Dili, the situation is one of widespread confusion. The commander in chief of the Indonesian forces makes constant trips to Djakarta. Here, the military command of the general staff has already discussed the problem of East Timor. There are varying positions within it. There is a Spinola faction which is increasingly strong and winning out."

We asked why this is.

"Last year, President Soeharto undertook a profound military reorganization. He appointed officers who had fought the war in East Timor to key posts. These appointments were an incentive to the officers who did not like the war. At the same time, he put practical soldiers (those who had pursued a military career in East Timor) with those who were not (security forces men). As minister of war (chief of the general staff), he appointed Beny Mordani, a security officer. And differences developed: the military officers know that the war in East Timor is already lost, but the security men are continuing to defend the thesis of a solution in East Timor by military means," Mari Alkatiri said.

The reform faction also urges very broad autonomy for East Timor, and some even favor a federation.

## Legitimizing Genocide

After several years of insisting on a dialogue pertaining exclusively to humanitarian issues, Indonesia has agreed to negotiate with Portugal "without prior conditions."

Is the purpose of such a dialogue to end the war? Is it the continuation of the efforts of Colonel Purwanto (who was then stripped of his rank and his command)?

"No. To date, the FRETILIN has been excluded from the dialogue. The diplomatic service in Djakarta wants to legitimize the occupation. It is trying to force Portugal to allow the transfer of East Timor to a new mother country --Indonesia. The war would not end, but internationally, it would be regarded as a domestic Indonesian problem, and Soeharto's soldiers would pursue total genocide of the Mauber people," was the answer of the minister of foreign affairs.

Portugal, as a nation, has not yet responded to this proposal. The government has not yet expressed an opinion. But it wants to negotiate with a view to ending the war in East Timor, in which it is involved as the old mother country of the Mauber republic.

"There is, moreover, a sympathizer with the Indonesian policy in the Portuguese government. Minister of Foreign Affairs Jaime Gama is a real defender of the Djakarta point of view. He can be regarded as more active than India and the ASEAN [Association of Southeast Asian Nations] countries.

"In his last report, Jaime Gama pretentiously argued the Indonesian thesis, saying that the most important thing is the preservation of cultural and humanitarian values, even if concessions, in political terms, are required.

"This position can be interpreted as a desire to sell out East Timor. I still do not know what commission he would receive for such a service.

"From the cultural point of view, what culture is there to defend? The Portuguese culture? East Timor is a country with a culture which expresses a certain Latin, not a Portuguese, aspect! The strength of this culture has enabled the Mauber people to resist. We are resisting to defend the true culture of East Timor, characterized by a certain Latinity, not so that we can later dance the Minho 'vira.' We do indeed defend the Latin aspect, because it is a universally accepted culture.

"It is necessary to realize that the people of East Timor have the cultural heritage of all people. Of all those in the area, we are the only different ones.

"But we know that the position of the presidency of the republic is a different and worthy one. The government as such has not yet expressed its opinion," Mari Alkatiri stressed.

#### Mauber Diplomacy

According to this Mauber diplomatic official, East Timor will launch a mass solidarity campaign.

"We must see that the East Timor question is understood and taken up by all peoples. In the five friendly countries (Mozambique, Angola, Cape Verde, Guinea-Bissau and Sao Tome and Principe), our task is facilitated, because we have the support of the governments in all sectors.

"The main geographic focuses for our information campaign for the peoples about what is happening in East Timor will be Portugal, the European countries, the United States, Australia, Japan and countries in this area. Because Indonesia uses coercion to win support, our diplomats must fight to prevent a state compromise, particularly in Portugal, where the people are sensitive to this issue," Mari Alkatiri explained.

In the United States, priority is given the capital area (Washington), particularly for those individuals affiliated with the congress and the information organs. An effort will be made to prevent any manipulation of public opinion.

As a beginning of this strategy, an international meeting concerning East Timor was held in Lisbon. Next month another meeting in an Australian city

is scheduled. In September or October, a solidarity meeting will be held in the city of New York.

"It is possible that prior to the New York meeting, one will be organized in a Latin American city (either Rio de Janeiro or Mexico City).

"The Latin Americans too have a duty to defend and support East Timor. The Mauber people cannot be asked to defend the Latin heritage, which belongs to all, by themselves."

On the other hand, the FRETILIN will make an effort to launch a debate on East Timor in the next United Nations session. Indonesia and its allies do not want this.

"We will not force the debate if Portugal does not make a commitment. Not because we are afraid of defeat, but rather because we do not want history to accuse us of forcing Portugal to take a stand against East Timor. Portugal must understand for itself that Indonesia is threatening it. It is we who are defending the dignity of Portugal. If we do not resist, democratic Portugal will be trampled underfoot as fascist Portugal was by India in its possessions in the East. And the policy of Jaime Gama could lead to the humiliation of Portugal, a nation 800 years old," Mari Alkatiri further said.

#### Traitors Useless to Indonesia

A report recently published by Amnesty International about those who have disappeared or been murdered includes some names of citizens of East Timor who have abandoned the struggle or never participated in it.

"Indonesia does not make use of traitor-puppets because this is counterproductive, and confidence is lacking. Above all what would be needed is to wage a propaganda campaign on the international level. To date, none of these citizens of East Timor has spoken to the United Nations, because confidence is lacking.

"This does not mean that there is no effort to create a certain force to oppose the FRETILIN. But there have been no results," the minister explained.

Some former members of the UDT and the APODETI (political organizations which have existed in East Timor since shortly after the coup d'etat in Portugal) have been removed from their jobs and placed under house arrest in Djakarta. What is the reason for these measures?

"The battle which the FRETILIN has waged since 1975 enlightened them, and they began to support some of its projects. Some were eliminated, because they were a hindrance," this diplomat said in conclusion.

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CSO: 3442/390

# DIFFERENT APPROACH TO DEVELOPMENT REQUIRED IN IRIAN JAYA

Jakarta KOMPAS in Indonesian 1 May 84 p 1

[Text] According to Minister of Home Affairs Soepardjo Roestam, one of the operational problems that indirectly interferes with the creativity of the regional government and the public in developing Irian Jaya is that the pattern of and approach to development that are being applied in Irian Jaya are the same as those being applied in other areas, when the fact is that conditions in Irian Jaya require special handling. As a result of this general application of the pattern of and approach to development, some of the results achieved under the development program have not produced an overall improvement in community life, particularly in the interior.

The minister's comments were contained in a speech titled "The Deconcentration/Decentralization of Government and the Development of Irian Jaya" which he delivered before a seminar on "Community Development in the Interior of Irian Jaya" at the Horison Hotel on Monday, yesterday. The seminar is being held from 29 April to 1 May and is sponsored by the central branch of the Indonesian Journalists Association (PWI).

Dr J.B. Sumarlin, a state minister and chairman of the National Development Planning Board (Bappenas), also addressed the seminar. He spoke on the subject, "Development Planning and the Problem of Irian Jaya." Dr Sumarlin said that the increased development of communications in Irian Jaya is very important and therefore road construction will be continued during the Fourth 5-Year Plan and priority will be given to the improvement, repair and maintenance of roads. The improvement of some 671 km of roadway between Merauke, Bupul, Tanah Merah, Abepantai, Ubrup, Oksibil, Nabire and Enarotali will be continued.

With regard to population distribution and the opening of new agricultural areas, he said that transmigration will continue and that plans have been made to clear some 251,609 hectares of land for agriculture. It is estimated that this area can accomodate 167,739 families, and these people will be general transmigrants, spontaneous transmigrants and members of isolated tribes who will be relocated.

## Inadequate Results

Minister of Home Affairs Soepardjo Roestam said that when the results of some of the development activities that have been carried out during the last three 5-year plans are viewed through the eyeglasses of national progress, the impression received is that they have not produced significant improvements, particularly in the interior. There has been positive growth in the sociocultural foundation, and this can be seen in the situation of persons who live around developing urban centers. For example, the number of educated workers is increasing and these people are separating themselves from their tribal groups. However, it must be recognized that the results that have been achieved do not provide a complete and comprehensive guarantee of the development of the creativity of the regional government and public in building up their area, he said.

At the same time, the progress in urban development is creating changes in the system of values of residents of urban and coastal areas, as compared to persons living in the interior. "This, in turn, is becoming one of the factors that is causing new problems to emerge," he said.

In order to promote the type of development activities that will produce results which will be more apparent to the interior population, anthropological studies of factors which may have the ability to create a dynamic quality in the development of Irian Jaya should be emphasized, he said. "Of course, this must be uniformly supported by all sectors," he added.

5458

CSO: 4213/222

# FOREST LAND TO BE CONVERTED TO AGRICULTURAL USE

Jakarta HARIAN UMUM AB in Indonesian 1 May 84 pp 1, 3

[Text] Minister of Forestry Soedjarwo has said that it is estimated that about 30 million hectares of production forest can be converted into agricultural land between now and the year 2000, and that this extensive area must be utilized for purposes other than forestry, as determined by the potential of the land.

The minister's comments were made yesterday afternoon after he signed a joint directive of the minister of forestry and minister of agriculture which regulates the provision of forest land for agricultural development.

The minister said that the signing of the joint directive had taken place at the right time since the Forestry Working Meeting was still in session and could contribute ideas for the formulation of policy, and in addition the joint directive had been signed at the same time that the Fourth 5-Year Plan began.

The minister said that he hoped that land allocations which were not suitable for the proposed use and potential of the land and which could damage natural resources and environmental balance could be avoided wherever possible with the signing of Joint Directive No KB 550/246/Kpts/4/1984 - No 082/Kpts-II/84.

With the existence of the joint directive, when forest land is used for agricultural development--agriculture development includes estate agriculture, fisheries, stockraising and food-crop agriculture--soil and water conservation measures can be observed. Also, the land in national parks, nature reserves, tourist parks, protected forests and restricted production forests can no longer be used for agricultural development.

The joint directive also stipulates that, in accordance with the agreement on the system for the use of forest land, the forest land that can be used for agricultural development is located outside Java in production forests that can be converted to agricultural use and whose soil meets the technical conditions specified for the type of agriculture to be developed. In converting forest land to agricultural use, priority is to be given to land whose tree stands have been shown by surveys to have no economic value, and to land covered by brush and alang-alang grass.



If the need for land for agricultural development cannot be met from convertible production-forest land or other land, then it can be met by augmenting convertible production-forest land with permanent production-forest land.

#### Coastal Forests

The joint directive states that land occupied by coastal forests is to be used primarily for the development of fisheries and that priority is to be given to areas outside Java. If coastal forests (mangrove forests) have been classified as nature reserves or tourist parks, or if they have been established as production forests to support the woodchip, rayon or energy industries, or if they are located on islands with an area of less than 10 square km, then they cannot be used for the development of the fishery and fishpond industry.

Coastal forest belts that protect the shoreline and provide a habitat for marine biota will be maintained. A study will be conducted by an authorized institute or agency to determine the appropriate width of these belts. Pending the announcement of the results of this study, a belt 200 meters wide will be maintained in certain areas that are designated by the appropriate first-echelon officials.

5458

CSO: 4213/222

## DISTRIBUTION OF LAND TO SMALL FARMERS

Jakarta HARIAN UMUM AB in Indonesian 2 May 84 pp 1, 7

[Text] Muhammad Isa, SH, the director general of agrarian affairs, has announced that 113,113 hectares of land has been targeted for land reform and will soon be distributed among the 116,706 farmers who have been working the land. The land that is to be distributed is composed of land held under the former long leasehold right of the colonial period and state lands on which no rights have been granted.

The director general, who was accompanied by Drs Sanyoto, the director of land reform, Drs H. Feisal Tamin, the chief of the Public Relations Bureau of the Department of Home Affairs, and other agrarian officials, spoke to reporters in his office on Tuesday morning [1 May]. He said that the land targeted for land reform consists of 65 parcels of long leasehold land with a total area of 60,335 hectares and 47 sites of unrestricted state land with a total area of 52,798 hectares. The long leasehold land is located in 30 districts in 9 provinces and is being worked by 77,775 farmers, while the unrestricted state land is located in 31 districts in 5 provinces and will be distributed among 38,931 farmers.

He said that the distribution of this land supports the principle of equity and at the same time gives meaning to the social function of land as described in paragraph six of the basic agrarian law.

He said that lands held under the former long leasehold right and under the former use right, which is dealt with in Presidential Directive No 32 of 1979, are not always distributed to farmers but can be returned to the persons holding the former rights by granting them use rights. Certain conditions established in Regulation of the Minister of Home Affairs No 3 of 1979 must be met if this done. Among other things, the estate must be in good condition, it must be being operated by the person holding the former right, and the land must not be needed for a development project that is in the general interest.

### Land Reform Targets

The director general said that there are four types of land that are targeted for land reform and will be redistributed, namely, landholdings in excess of the maximum legal limit, landholdings of absentee landlords, landholdings of sultanates and former sultanates (swapraja), and other state lands.

Muhammad Isa said that farmers who receive distribution rights to the land are required to pay an entrance fee to the state. The provincial governor issues a directive granting the right to the farmer and setting the amount of the fee. Farmers also are required to raise production levels on the land they receive and to pay off the entrance fee within 5 years instead of 15 years.

Farmers who meet these requirements can obtain title to their land through Prona [Proyek Nasional Agraria/National Agrarian Project], he said.

In response to a question about the compensation given to landowners whose holdings are subject to land reform, the director general said that compensation is given to persons who hold more than the maximum legal limit and to absentee landlords.

Compensation is authorized by Directive of the Minister of Home Affairs No 13 of 1984 and is calculated on the basis the production level of the land. In this way, the amount of compensation received is close to the regular price of the land, he said.

"This means an increase in the amount of compensation paid out by the government," he said, adding that under the old regulations the amount of compensation was only 50,000 rupiah a hectare.

The director general also said that there are still about 60,000 hectares of land for which compensation has not been paid and that it is hoped that this matter can soon be settled in stages.

He also said that with the increase in compensation it is hoped that the claims of former landowners can be settled and disputes prevented.

5458

CSO: 4213/222

INDONESIA

#### ROADS TO TRANSMIGRATION SITES TO BE REPAIRED

Surabaya SURABAYA POST in Indonesian 1 May 84 p 4

[Text] Drs Soentoro Sastro Soewarno, the director general for the preparation of transmigration settlement sites, said in Jakarta on Saturday [28 April] that the government is now allocating funds for the rehabilitation or improvement of roads leading to transmigration sites located outside Java.

He said that it was as if the roads "belonged to no one" and consequently they were not being administered and had badly deteriorated.

The Department of Transmigration built the roads to the sites to support its transmigration projects, but after the roads were completed and placed in use they were not maintained and repaired by any of the government departments. "We did not administer them because of a lack of funds, and the Department of Public Works did not want to administer them, and the regional governments were unable to do so," he said.

This unresolved situation has been very damaging to the transmigrants. Some of them have not been able to market their agricultural products because the roads are in such bad condition they cannot be traversed by 4-wheeled vehicles.

Soentoro said that funds for the rehabilitation of roads leading to transmigration sites are being allocated to the Directorate General for the Preparation of Transmigration Settlement Sites, Department of Transmigration in fiscal 1984/85.

He was not prepared to say how much was being allocated for road repairs. "I do not know what the ceiling is on the funds being provided by the government, but the important thing is that the struggle to focus attention on the communication facilities of the transmigration sites has been successful," he said.

Soentoro also was not prepared to name the areas that will receive priority for road repairs. "It is clear, however, that we can now offer some hope to the transmigrants," he said.

5458

CSO: 4213/222

## PROBLEMS OF TIMBER INDUSTRY DESCRIBED

Kuching THE BORNEO POST in English 30 May 84 p 6

[Article by Joseph P. Manguno]

[Text]

**BANJARMASIN, Indonesia**—The timber industry, one of Indonesia's chief foreign-exchange earners, is in deep disarray.

Industry leaders say a severe log shortage is threatening to force most of the country's sawmills and many of its small plywood manufacturers into bankruptcy.

These businessmen blame the government for what they are calling an industry crisis. They say government attempts to restructure the industry have backfired.

Four years ago, the government adopted a policy to phase out log exports and to force sawmills into establishing plants to process plywood, which earns a higher export value. And because of a scarcity of trees, the government has stopped granting concessions for logging.

**'A Brutal Way'**

"It's brutal way to handle the problem," says one sawmill owner here. "We've been sacrificed to boost plywood production."

The industry leaders say that since the policy was adopted, dozens of foreign logging companies have pulled out of Indonesia. Exact figures aren't available, but industry observers and government officials agree that log production has dropped 25% since 1980.

The resulting scarcity has pushed up log prices dramatically and reduced foreign-exchange earnings. Earnings from timber exports in 1982, the latest year statistics are available, have fallen 44% from 1978 to \$558 million, according to the International Monetary Fund.

Hundreds of sawmills and plywood manufacturers are having financial difficulties, and more than 50,000 industry workers have lost their jobs, according to Indonesian labor leader Agus Sudono. The government doesn't have statistics on how many people are em-

ployed in the wood industry overall.

Besides the closures and layoffs, Indonesia, which only six years ago was the world's top producer of tropical hardwood logs, now is importing logs to try to keep some of the mills and manufacturers afloat. Even though Indonesia is no longer the world's leading producer of tropical hardwood logs, it still is the largest producer of wood products.

Nowhere are the problems more acute than in Kalimantan, the heartland of Indonesia's timber industry. Hardest hit have been hundreds of small, independent sawmills that provide the bulk of lumber for construction nationwide.

Industry observers say that 64 of the 71 sawmills in the province of South Kalimantan alone, with investments totaling more than \$35 million, are on the verge of bankruptcy because they can't obtain enough logs to saw in order to pay for their operating costs.

Many of the companies have ceased production completely because of the log scarcity. Those located in Banjarmasin, the provincial capital, have had their electricity cut off because they couldn't pay their bills. And many of the 45,000 sawmill workers in South Kalimantan, most of them in Banjarmasin, have been laid off.

Dozens of other sawmills in East, West and Central Kalimantan are in equally serious trouble.

**Tracing the Problems**

Industry officials trace the problems to a 1980 government regulation that sharply restricts the export of logs from Indonesia. Under the policy, log exports are being phased out rapidly and, starting next year, will be banned completely.

In the meantime, concession holders are allowed to export logs only after they have

offered a certain percentage of logs to Indonesia's domestic industries and have agreed to establish plywood-processing plants. This year's exports are being limited to 1.5 million cubic meters.

The aim of the new policy is to force timber concessionaires out of log exporting and into plywood manufacturing, sawmilling and other wood-processing industries that have a higher export value.

The government believes that Indonesia — the chief source of timber for plywood markets in Japan, Taiwan and South Korea — should cut off log supplies to these countries and then sell them plywood.

Industry observers say the policy has been only partially successful. Indonesia has managed to cut into the plywood markets of Korea, Taiwan and Japan since it was implemented, but the industry and government don't have statistics on how much. The observers say they expect Indonesia to become the top plywood supplier in Asia, if not the world, by the end of the decade.

But the industry observers say the move has cost Indonesia dearly.

After decades of unrestricted growth, loggers suddenly found themselves with four years to phase out log exports and set up expensive plywood plants.

Dozens of foreign logging companies, such as Weyerhaeuser Co. and Georgia-Pacific Corp., both of the U.S., pulled out of Indonesia rather than sink millions of dollars into plywood plants. Weyerhaeuser and Georgia-Pacific have been taken over by their local partners, and the other foreign concerns have been replaced by scores of new plywood manufacturers that are now competing for a dwindling supply of logs.

#### High Price for Logs

The few sawmills that continue to operate have their own logging concessions. Sawmills without concessions are having difficulty getting logs because most concessionaires have set up plywood plants and are using the logs they harvest in their own mills.

Independent sawmillers here say the result is that now only about 1% of the total log production in South and East Kalimantan is available to sawmills that don't have concessions.

Prices of the few logs that are available to them, the mill owners complain, are running from 50% to 100% higher than they were two months ago because of a continual sharp decline in supplies.

The South Kalimantan Association of Timber Industries has pleaded with the government to grant more logging concessions, but the government refuses because it wants to control the logging pace. In the decade before this policy took effect, Indonesia's forest lands were raped by wholesale cutting of tim-

ber, which has caused the current supply problems.

Government officials admit that the policy is forcing many small and medium-sized mills out of business. They concede that many others are likely to go under before the industry's streamlining is complete.

The officials argue that in the long run, however, the restructuring will prove to be in the best interest of the timber industry and the country.

#### Plywood Makers' Problems

Plywood manufacturers aren't faring much better. Small company owners in East Kalimantan, where the bulk of the nation's plywood plants are located, say they are operating at a loss. They say the scarcity and inflated cost of logs and the low world market price of plywood is making it difficult for them to stay in business. However, big plywood manufacturers that have their own logging concessions are making inroads into world markets.

The real cost of logs to plywood producers in East Kalimantan has been running about \$132 a cubic meter. Overhead and production costs push the total cost to \$248 a cubic meter, excluding shipping and marketing, according to the Indonesian Plywood Manufacturers Association. Since the current average export price of plywood is only about \$230 a cubic meter, according to the plywood association, plywood producers are exporting at a loss.

Currently, there are 16 plywood companies operating in East Kalimantan, and those facing difficulties generally don't have logging concessions. But industry sources say even some of the plywood producers that have concessions now are feeling the shortages because, in many cases, they can't grow enough trees to meet their own supply needs.

They say the only reason many of them are still producing at a loss is that they are under strong pressure from the government to do so. They must continue to produce in order to keep their production licenses, to get licenses to expand and to obtain subsidies.

"We have to maintain our employment levels and our export markets," says one plywood manufacturer in the East Kalimantan provincial capital of Samarinda.

East Kalimantan alone has an annual plywood capacity of 1.2 million cubic meters, accounting for 28% of national output. The Samarinda branch of the plywood association says that by the start of next year, the province will have 31 plywood companies, which will create even tougher competition in terms of the declining log supply.

"It is a complex problem for the plywood producers ranging from the supply of raw materials to the marketing of the output abroad," says a Samarinda plywood manufacturer.

RED CROSS TEAM VISITS EAST TIMOR PRISONERS

Perth THE WEST AUSTRALIAN in English 28 Apr 84 p 24

[Text] JAKARTA, Fri--A confidential report on political prisoners in East Timor, compiled by the International Committee of the Red Cross, has been handed to Indonesian authorities.

The report was made by a Red Cross team which visited a detention centre in East Timor six weeks ago.

It was the first visit by the ICRC to rebel prisoners in the Indonesian province since 1982.

An ICRC spokesman said that the team had been allowed access to political prisoners involved with the Fretilin independence movement.

All Places

He said that the Red Cross hoped to visit all places of detention there before the end of the year.

But he declined to give details of the recent visit or to comment on the security situation in East Timor.

East Timor was annexed by Indonesia in 1976 after a bloody civil war following independence from Portugal. Fretilin, the Revolutionary Front for an Independent East Timor, has been fighting a sporadic war against Jakarta ever since.

The ICRC has refused to resume relief activities for civilians in East Timor while it was permitted only limited access to parts of the island.

Freedom

"We would be ready to resume relief activities but we need complete full liberty, freedom of movement. For the time being we haven't discussed yet the resumption of these activities," the spokesman said.

Although the ICRC has officially halted its programmes in East Timor, it carried on a relief programme on nearby Atauro Island, providing food and medicine for about 2100 temporarily-displaced people.

A group of U.S. senators recently asked Secretary of State Mr George Shultz to try to get full access for the ICRC to East Timor.

'OBSTACLES' TO TRADE WITH USSR TO BE REMOVED

Kuala Lumpur BUSINESS TIMES in English 24 Apr 84 p 2

[Text] JAKARTA, April 23--INDONESIA will try to streamline control procedures of Soviet ships which Moscow says is a major hindrance in its trade with this country, Foreign Minister Mochtar Kusumaatmadja said on Friday.

Speaking to the Press, Mr Mochtar noted the "very positive efforts" to increase bilateral trade made by both countries during his visit to Moscow earlier this month.

But he said that it was now up to Indonesia to do away with "obstacles" which the Soviet Union had said were created by Indonesia.

A list of the crew on Soviet ships heading to Indonesian ports is to be submitted to Indonesian intelligence weeks before arrival for disembarkation approval.

Mr Mochtar said that because of objections concerning the crew, some Soviet ships were not permitted to berth, causing heavy losses in demurrage fees.

Some Soviet ships would leave without cargo after a long wait, the minister added.

Mr Mochtar said Indonesia would try to streamline the procedure without neglecting vigilance. He said some crew members could be prevented from leaving the ship if security objected, but without hampering cargo from being loaded.

The tighter control was due to the discovery of an espionage net in 1982 when two Soviet ships, one diplomat and the director of Aeroflot here, were expelled on spy charges, Mr Mochtar said.

He said that Indonesia's rubber exports to the Soviet Union had decreased after 1983 following the tighter control on Soviet ships which hampered trade.

Indonesia exported 50,000 tons rubber to the Soviet Union before 1983. Malaysia is Indonesia's main competitor in rubber exports to the Soviet Union.



Indonesia is seeking to increase non-oil exports to the Soviet Union such as rubber, plywood, coffee, pepper and tin.

Meanwhile, Indonesia's exports of non-oil and gas products for the current fiscal year ending next April are expected to reach US\$6.1 billion in value, Trade Minister Rachmat Saleh said.

Speaking at a seminar with National Chamber of Commerce officials last week, Mr Saleh was quoted by Antara as saying similar exports in calendar 1982 were a record low at US\$3.9 billion after a high of US\$17 billion in calendar 1980.

THE Indonesian Automotive Assemblers Federation disclosed on Friday that the country produced 155,180 assembled motorcars, down by some 18 per cent from 188,780 units in 1982.

The drop, for the second year in a row, exceeded the some 10 per cent decrease in 1982 production from a peak of 207,804 units in 1981, the figures showed.

Japanese makes dominated the market, with top-sellers Mitsubishi, which sold 43,211 units, Toyota with 32,002 units and Diahatsu with 27,001 units.

Most in demand were commercial-type vehicles like light trucks, pick-ups and vans, with multi-purpose cars (jeeps) in second place followed by cars.

PRESIDENT Suharto has signed a tax pardon decree exempting people and companies from paying their unpaid income and corporate taxes up to 1983 provided they agree to start paying their taxes for 1984.

Economic and Industry Minister Ali Wardhana told the Press the deadline for filling in tax forms has been set at Dec. 31, 1984.

The government earlier this year issued a series of new tax laws with a view of broadening the tax base, and increasing revenue, but newspaper reports, indicated many tax subjects were still reluctant to fill in the necessary forms.

Some said they were worried the government would ask them to pay back taxes.

CSO: 4200/821

# WAR IN EAST TIMOR DESCRIBED BY REFUGEES

Lisbon EXPRESSO in Portuguese 2 Jun 84 pp 14-16

[Article by Joaquim Vieira]

[Excerpts] Massive Landing

Starting at the end of August, a massive landing of Indonesian troops was observed in East Timor. Reinforcements were arriving in Dili at intervals of one battalion per week. The Indonesian commanders justified the movement claiming an alleged surrender of troops. But the rate of the arrivals was far more intense than that of the departures. A Timor Catholic priest who arrived in Portugal during last February, also seeking refuge, estimated that, by September, there were 27 Indonesian battalions (nearly 30,000 men) on the island. Another refugee, who arrived in early December, estimated the number of troops landed with the use of air and sea facilities up until the previous month at 20 battalions.

No battles have taken place in the capital area, but its residents assess the intensity of the struggle by the rate of landing of Indonesian helicopters carrying dead and wounded. Immediately after the resumption of hostilities, civilians witnessed an incessant daily movement of helicopters to carry casualties apparently coming from the eastern area, the site on which the guerrillas are most heavily entrenched.

Another indication of the resumption of combat is shown by the behavior of the authorities in Dili: Old ones suspected of links with FRETILIN have been summoned and received orders not to try to contact the guerrillas; those who disobey are threatened with shooting.

The areas in which the occurrence of most of the battles has been cited are those of Los Palos, Viqueque and Laga. Mention has also been made of small-scale confrontations in the regions of Same, Suai, Ainaro and Quelicai.

FRETILIN's largest concentrations are located in the areas of Ossu, Los Palos and Laga, and are headed, respectively, by Commanders Xanana Gusmao, Kilik and Maucmoruk. The movement's military chief leads about 300 guerrilla fighters, and the other two between 100 and 200 each. In Sumbalai (Suai), a detachment consisting of several dozen combatants, led by Commander Alex, is also moving.

The rest of the groups, each of which cannot contain more than 15 members, are operating in isolated fashion.

The refugees calculate that FRETILIN's troops total a maximum of 2,000 guerrillas (estimates that they amount to as many as 3,000 are not met with so much credibility). Also to be added to that number are hundreds of civilians (women and children) who are accompanying the combatants.

After Indonesia destroyed the movement's large bases in 1978-79, Fretilin sought refuge in the island's high mountainous areas, from which the harassment of the enemy forces is launched.

The movement divided the territory into three war zones: the Funo-Nafati ("the war continues," in the local dialect) zone, to the east; the Nacroma ("clarity") zone, in the center; and the Haksolok ("joy, congratulation") zone, to the west. However, owing to the more favorable features of the terrain, the confrontations are taking place primarily in the eastern region and the southern border.

Some refugees mention bombing on the southern coast from Indonesian ships creating the naval blockade of the island. Jakarta's Air Force is also reported to have bombed the areas of Viqueque and Uatulari (between Iliomar and Ossu).

#### Unprecedented Brutality

The refugees' complaints relate to an unprecedented brutality on the part of the Indonesian military: indiscriminate arrests, torture, missing persons, the raping of females over 10 years of age (especially on sites of operations), diversion of the international food assistance, prevention of soil cultivation and harvesting and the maintenance of a state of famine. The military operations prevent the peasants from going to their gardens, which are generally a 2 or 3-hour walk from the village. In addition to this, the weather conditions (especially the poor rainfall distribution) caused agricultural development to be disastrous last year. The intensification of the fighting must also have damaged this year's harvest, which usually takes place in March and April.

The arrests increase every time FRETILIN makes attacks. They generally take place during the night, with house searches and arrests of those suspected of sympathizing with the movement and of alleged relatives of guerrillas. The torturing and disappearances, already widely publicized by Amnesty International, appear to be continuing to be systematically carried out. A refugee who arrived in Lisbon in late 1983 has disclosed that he never learned anything more about the whereabouts of three of his cousins after he saw them being arrested in their residences during October. Moreover, the fate of a prisoner is always unknown after the time of his capture.

The most notorious prison (the one on the island of Atauro) reportedly ceased to operate after the visit of an Australian parliamentary delegation to East

Timor in July and August of last year; a time when its dungeons were emptied of the nearly 2,000 inmates that they housed, in order to give the deputies a good impression. Perhaps because of the international reputation that Atauro had already gained, the Indonesians started choosing to incarcerate the prisoners in different locations. The refugees describe the creation of new concentration camps in Ostico (Baucau area) and Cailaco (near Maliana). The existence of a women's camp is also cited, in Bazartete. Those most suspected are sent for interrogation and torture to the Indonesian island of Bali which is, moreover, a well-known tourist resort.

In the concentration camps, the prisoners are forced to work in gardens the crops from which go to the Indonesian forces. As their only rations, the arrested Timorans receive 5 kilograms of corn per month. One refugee recounted the occurrence of deaths among prisoners, who received corporal punishment for clandestinely gathering other products.

Dili currently has about 13,000 inhabitants, but nearly half of them are Indonesians who have come from other islands (Sumatra, Java and Makassar). This is a movement locally termed "transmigration," put into practice by Jakarta to achieve a gradual miscegenation among the inhabitants, in an attempt to weaken and, subsequently, put a definite end to the Maubere culture.

It is mainly Indonesians who hold the best positions in public office and business firms. Many Timorans, discriminated against in the assignment of jobs, find themselves forced to resort to living by their wits in order to survive. The only market in the city, which operates 7 days a week, has also become a kind of "flea-market," with the sale of second-hand items.

But the natives, by cultural tradition, are little inclined toward commerce which facilitates nearly all mercantile activity's being in the hands of the newly arrived Indonesians and the few Chinese remaining on the island. There are two large Indonesian commercial firms established in the territory: Denoc (to which Beni Murdan, the current supreme chief of the Indonesian Armed Forces and number two man in the regime, is said to be linked); and "Sociedade" [company], the only name by which the inhabitants know it. It is these firms which are responsible for the distribution of foodstuffs throughout the entire territory; but, owing to a shortage of circulating systems or the population's poverty, hunger is raging beyond the urban limits of Dili.

Even in the capital, it is claimed that only public officials and certain employees of business firms manage to live above the level of malnutrition. The black market provides the supplies, which are non-existent in, or are diverted from the normal channels.

In order to become an official, the first thing that one must do is to give up Portuguese nationality. Because of this, or the heavy pressure and threats imposed on the Timorans, nearly the entire urban population has ended up opting for the nationality of the occupation forces. In Dili, there may be slightly over 100 heads of families who have retained their link with the former colonizing power.

The average salary of a civil servant is slightly over 3,000 rupees (nearly 3 contos). With that pay, one can purchase rice and meat, the latter about twice a month, because its price exceeds 4,000 rupees per kilogram.

#### Corruption Among Indonesians

The corruption among the Indonesian military and government officials has become established on the most diversified levels of daily life. There are diversions of budgets, foodstuffs and assistance from the International Red Cross; and one must pay in order to have access to certain positions.

Admission to a business firm may cost 10,000 rupees; the signature of a military commander to depart for Jakarta, 300,000 rupees; and an exit permit to go abroad, for a "very quick" period of a month, a million rupees.

Failing to pay bribes means embarking on the vicious circle of the bureaucracy, without being certain of success in emerging from it. An exile now in Lisbon requested permission to leave the country in 1979, and had already lost hope when he received the go-ahead in late November of last year.

As a rule, the population is confined to its own communities, with freedom of movement extremely curtailed. This contingency is even noted in Dili, where there is no fighting over a radius of dozens of kilometers. Travel outside the city in an easterly direction is possible only with a safe-conduct that allows passage through the military barricades. This is a document which is difficult to procure, one which can only be obtained with strong justification for the travel and after a close questioning. Exits to the west are easier, but the inhabitants dare leave Dili in that direction only during the truce period.

Moreover, the Indonesians do not disguise the state of war in which the territory is living: The shipments of provisions and other products for civilians themselves can leave the capital only under military escort. On the other hand, the transportation of the military to the interior is carried out in civilian vehicles (requisitioned from their owners locally, a few days before the departure of each column). It is assumed that this is how the officers try to evade the surveillance of FRETILIN, avoiding potential attacks on the troops. But the guerrillas often infiltrate couriers into the city, through whom the organization checks in a certain amount of detail the movements of the enemy forces.

#### Leaving Is the Only Ambition

The ambition of every Timoran civilian may be summarized in a single goal: to leave the territory. "But if they allowed it, everyone would leave," comments a refugee who left Dili in September. "If they put 10 or 20 boats there to carry people, perhaps not a single one would want to stay, not even Apodeti itself, which defends the integration. No one supports that regime."

In order to be a refugee, under the jurisdiction of the International Red Cross, it is necessary to meet one of the three conditions stipulated in the Geneva Convention in the matter: In this instance, to have been born in Portugal, to be a direct descendant of persons born in Portugal, or to invoke the desire to be reunited with relatives already abroad. The alternative consists of having the financial means necessary for the departure (including a bribe for Indonesian authorities).

Recently, small groups of refugees have been arriving in Portugal regularly, under the sponsorship of the Red Cross or at their own expense (415 in 1983 and 116 up until the end of May this year). Many more are awaiting their exit permits.

It is those messengers coming from afar who are the only bearers of the little news concerning recent periods of East Timor's long tragedy.

2909

CSO: 3542/53

## BRIEFS

SEA COMMUNICATIONS LICENSES ABOLISHED--Minister of Communications Roesmin Nuryadin has, in accordance with the Presidential Instruction No. 5/1984 on the simplification of licensing procedures, decided to abolish 12 kinds of licensing obligations in the seam communications sub sector. The 12 kinds licensing obligations just revoked involve the permit for forwarding activities, chartering vessels, opening marine logponds, loading/unloading, of interinsular commodities, loading/unloading of goods carried by trucks, loading/unloading of logs, overtime work at seaports, bunker, supply of necessities to ships in operation and long distance unloading. The simplification of business licensing procedures and services, according to the secretary general of the Communication Department, has been discussed with the state minister for the efficient use of government apparatuses. [Text] [Jakarta BUSINESS NEWS in English 4 May 84 p 4]

CSO: 4200/820

## MAHATHIR SPEAKS ON ISLAMIC EXTREMISM

Penang THE STAR in English 30 May 84 p 2

[Text]

KUALA LUMPUR, Tues. — That there can be government officers who refuse to handle documents which contain the word *babi* (pig) is a frightening example of the Islamic deviationism and extremism that is present in our midst.

Datuk Seri Dr Mahathir Mohamed, who cited this example in his presidential address to the recently-concluded Umno general assembly, later explained that though generally such practices were not widespread, he had referred to it so that the trend could be checked before it spreads.

Dr Mahathir has repeatedly stressed that what is important in Islam is the substance, not the form.

In a speech made four years ago at the Umno Youth and Wanita Umno general assemblies, he not only made this point clear but also stressed that it was the *deviationism* — and not *fundamentalism* — practised and preached by Islamic extremists which was confusing the people.

~Fundamentalism meant going back to the true Islamic values of tolerance, trustworthiness, cleanliness, hard work, discipline, seeking knowledge and using it effectively for the good of society.

Deviation, however, was the interpretations of the *Quran* preached by self-styled *ulamaks* for an ulterior motive, usually for reasons of politics and power.

In Friday's speech, Dr Mahathir also criticised the "hypocrites" who used Islam as a label to sell their products and cited as an example *Islamic mee* and also the interpretations of the *Quran* made by some Muslims imposing new and unheard-of restrictions on Muslims.

Although his attack was aimed primarily at PAS, his comments were also an indication of the extent of deviationist teachings which some Muslims here appear to accept too readily.

Among the Muslim civil servants who refuse to handle documents containing the word *babi* are some highly-educated ones.

In the universities, there are some highly-qualified lecturers preaching their own version of Islam and hoping to influence the minds of their students.

While some of these civil servants or lecturers may be members or sympathisers of PAS and preach their own versions of the Islam for political purposes, there are also those who are genuinely confused.

There is a real danger that if the trend is not checked now, religious extremism may one day destroy national unity in this multi-racial country.

Although Islamic extremism is the most publicised form of religious deviationism in this country, there are those among the followers of other religions who too appear to be getting a little fanatical.

The dangers of religious fanaticism is something which the Government has shown it is prepared to handle but the problem is that it has to step very delicately because of the sensitivities involved.

If Umno is to ensure continuing support among the Malays and prevent them from supporting PAS, it has to show that it is prepared to struggle for Islam.

On the other hand, given the multi-racial character of the country, the Government has to be careful that it does not alienate the other races which practise

their own religions as provided for in the Constitution.

Politically, the religious question is a minefield through which the Government has to tread wearily — on the one hand are those, even in Umno, who demand that the Government become more Islamic; on the other are the genuine fears expressed by non-Muslims.

Given these pressures, it is not surprising that the Government gets no thanks from either side when it does do something positive about Islam — like setting up the Bank Islam or the policy of disseminating Islamic values in the administration.

The critics of the Government — from PAS as well as the genuinely confused Muslims — claimed that Bank Islam and the dissemination of Islamic values did not go far enough; non-Muslims voiced fears over what they perceived to be an increasing trend towards an Islamic State.

In such a climate — with an opposition party determined to preach its own version of Islam and subsequently cash in on the confusion generated by this, and with non-Muslims nursing their own fears — the real issues have been lost in the emotional arguments.

Dr Mahathir made it plain that his administration was not out to suppress the other races. He has also made it clear, and repeatedly too, that through the adoption of Islamic values his government hopes to inculcate values such as trustworthiness, cleanliness, discipline and hard work.

He has also made clear to Umno members and other Muslims that it is on these genuine values that they must concentrate on — in



other words, the substance rather than the form.

But even while his administration tries to give the voice of reason a fair hearing, PAS has been undermining it by using Islam for political purposes.

And while Umno leaders in government no doubt realise that they are national leaders and not just party leaders, there may come a time when, to ensure political support, they might be tempted to "out-PAS" PAS — just as there are some in the MCA who are trying to "out-DAP" the DAP in championing the cause of the Malaysian Chinese.

Umno has shown in the past that it will not succumb to the pressures imposed by the religious extremists but the problem now is how to check the spread of deviationist teachings without providing political ammunition to PAS.

One way would be to ensure that the religious department officials are really on their toes; another

perhaps would be to ensure that the Islamic scholars the Government employs to spread the true teachings of Islam are up to the mark; civil servants and university lecturers found to be preaching or practising deviationist teachings could perhaps be given other jobs where they would not be positions of influence and put through a course of rehabilitation.

But most important of all, perhaps, is that Umno leaders themselves must fully understand the true teachings of Islam and reject totally deviationist teachings, even if it means that they would have to face criticism for not practising the forms of Islam.

Dr Mahathir has set an example. Not only does he have a deep understanding of the religion he has also distinguished between Islam, the Arabs and the Malays and pointed out that some of the forms of Islam — such as clothing — are just Arabic and not Islamic.

CSO: 4200/839

## FOREIGN INVESTORS PERMITTED MAJORITY EQUITY

Kuching THE BORNEO POST in English 19 May 84 p 2

[Text] KUALA LUMPUR, Fri.- The Prime Minister announced today that large foreign manufacturing companies setting up operations in Malaysia will be allowed to retain the majority equity so as to attract greater foreign investment and carve a bigger share for Malaysian products in the international markets.

This new investment incentive, however, would only apply to large companies in capital intensive and resource-based industries gearing their products for the export markets.

Explaining the rationale behind the policy Re-Think, Datuk Seri Dr. Mahathir Mohamad said Malaysia would find it very difficult to venture into the foreign markets on its own as these markets were controlled by very big companies.

He said although Malaysia could invite foreign investors into the country, it could only get large-scale foreign investment if the net gain for foreign investors would equal or increase in comparison with their present operations.

"Why should they share the manufacturing with us here in order to compete in the markets that they are already supplying from their own home bases," he told reporters after opening a top business leaders convention here.

He pointed out that it also did not make business sense for them to move their factories here if their share would be reduced so that the comparative advantage would accrue to Malaysia.

As such, the Prime Minister said, Malaysians must be prepared to take a minority stake of say 30 per cent.

He believed it would be worthwhile to allow foreign investors to hold up to 70 per cent of the equity in these ventures because it was better for Malaysians to own a 30 per cent stake in large investments than to hold 100 per cent share in small companies.

Citing rubber-based companies as an example, Datuk Seri Dr. Mahathir said the new incentive could be applied to companies which planned to expand their present production capacity by some five to 10 times.

"What is the loss to Malaysia if we allow

largely-foreign-owned big manufacturing establishments which use our rubber, tin and other resources to operate here and retain the majority stake," he added.

On its own, Malaysia might never be able to get into these industries in such a big way.

He described the situation as a case of half a loaf being better than no bread.

On the other hand, if these industries were located here, there would be tremendous spin-offs in terms of supporting industries technology transfers, inflow of foreign capital and job opportunities.

"If we want to grow, we have to export our industrial products on the same scale as we export our agricultural products."

However, the Prime Minister said Malaysia had neither the capital, the technology nor the capital know-how to go big industrially.

For these reasons, he said, the government was reviewing the present incentives offered to foreign investors.

He stressed that the new approach should not be construed as an amendment to the New Economic Policy. "We are not about to abandon the NEP."

It would even serve to enhance the NEP as these small shares in big enterprises could be more substantial than big shares in small enterprises, he said.

He stressed that the NEP could be implemented without being too short-sighted.

Earlier, in an unscheduled dialogue session with the business leaders which the Prime Minister requested, he explained that the Malaysia Incorporated Concept was aimed at changing the antagonistic stance previously existing between government officials and the private sector.

He said the attitude among government officials were slowly changing and they now had a much better understanding of the need to work with the private sector.

Private businessmen, on the other hand, must learn how to handle these officials.

They had to be polite and not complain unnecessarily or approached these officials with the

attitude that money could buy everything.

Citing an example of the government's willingness to lend an ear to the private sector's problems, Datuk Dr Mahathir said the government had abolished taxes on cameras as they affected sales of the product.

"Although taxes were high we could not collect them as sales were not moving," he said.

However, he lamented that Malaysian businessmen had lost the touch of selling cheap and the country was not the ground for bargain hunters who preferred to go to Singapore.

He pointed out that this was despite overheads being higher in the republic. -Bernama

CSO: 4200/839

## GOVERNMENT WARNS ISLAMIC EXTREMISTS

Penang THE STAR in English 26 May 84 p 2

[Text]

DATUK Seri Dr Mahathir Mohamad criticised certain groups which are carrying out activities undermining the Government's efforts to inject Islamic values in the administration.

The Prime Minister said these groups resorted to making extremist interpretations of the Government's move and disrupting the administration and he warned that the Government would go all out to crush them.

He said these groups tried to project Islam as a religion that was not tolerant to the extent that Muslim government employees were not allowed to be friends with the non-Muslims and could not visit them during festivals.

Emphasis was not given to the question of providing good service and upholding of the pledges (as government employees) but to the question of *halal-haram*, the interpretation of which was made according to their whims and fancies, he added.

The interpretations were so extreme that there were officers who did not want to touch any paper on which was written the word "pig," he said.

He said that there were even those who were prepared to change the directives of their superiors if

these were not in line with their extremist thinking.

He said there were others who felt that the inculcation of Islamic values in the administration meant the wearing of *cadar*, but because of their salaries, were still prepared to work in the office.

Datuk Seri Dr Mahathir said these groups also did not at all pay attention to the question of trust, discipline, loyalty and other values, as if these were all worldly values

and therefore not specifically Islamic values.

"Islamic values, they say, are those that separate the Muslims from the non-Muslims," he said.

Datuk Seri Dr Mahathir said that despite the existence of such deviations, the Government would continue with its efforts to inject Islamic values in the administration.

These values would help to mould an administration that was more effective and more just, he said.

He added that the people would benefit from an administration based on Islamic values.

"All efforts to subvert this aim (of injecting Islamic values) will

fail, God willing," he said.

Datuk Seri Dr Mahathir also hit out at those who made irresponsible criticisms against slogans created by the Government.

He said the people should also not be obsessed with saying "words are not the same as action."

Such an attitude would only hamper efforts to create a better society, he said.

Datuk Seri Dr Mahathir said that whatever was wrong should be exposed and rectified but this should not be an excuse for anyone not to follow good examples.

"Throw away the dirty and take the clean," he said. — Bernama.

## DIVISIONS IN UMNO NEED URGENT REPAIR

Penang THE STAR in English 30 May 84 p 2

[Article by N. V. Raman]

[Text]

KUALA LUMPUR, Tues. — Umno has come through its party elections without any untoward incident but while publicly the party appears to be united, the divisions caused by this year's elections run deep.

Datuk Seri Dr Mahathir Mohamad has acknowledged that there are cracks in the party and warned that if these are not repaired, there could be serious repercussions for the party.

His plea to party members to put Umno above personalities, to put party interest above self-interest have been well-received at grassroots level but there now appears to be a growing elite of Umno leaders who appear to be ignoring the voice of the grassroots in their quest for power.

Dr Mahathir pointed out that at times, it is not position which some people are after but the perks that go with the position.

Because of the New Economic Policy, the perks can be enormous — those in

powerful positions can not only make full use of patronage politics to do well but can also perpetuate power centres.

The apparently increasing readiness to use government machinery for personal political purposes is an indication not only of the stakes involved but the erosion of discipline and the compromising of principles.

In his address to the Umno general assembly last Friday, Dr Mahathir hit out not only at those who

practise "money politics" but also those who used government machinery in the campaign for party posts.

And in his winding-up speech on Sunday, he warned of the dangers of extensive politicking for the 1987 party elections; it could lead to people forgetting about the general election, he said.

In the final analysis, he said, what mattered was the power to rule and not party positions — advice which was not only timely but fitting.

For even while Umno delegates inside the assembly

hall were putting on a show of unity, some leaders and their supporters outside in the foyer were gathering in separate groups to plan for 1987 (when the next Umno elections will be held).

The talk was not about closing ranks; rather it was to compare notes on friends and foes — proven and potential — at the current assembly and the next one.

Some Umno leaders in fact fear that the intense campaigning that preceded this year's party elections may have given rise to a new breed of Umno leaders.

Said one member: "There is a real possibility that Umno may soon have leaders who will sacrifice long-term national interest for short-term gains at the (triennial) party elections."

"With so many younger people now making their way up, nobody can afford to rest on their laurels. It may soon be a case of anything goes when it comes to party elections."

But another Umno leader looked at this year's results in a more positive light. He pointed out that though all those elected to the Supreme Council were supporters of the Mahathir-Musa leadership, most of those who had been campaigning vigorously against other party leaders finished in the last 10 rather than the first 10.

"The top three in the council (Datuk Khalil Yakkob, Datuk Seri Ramli Ngah Talib and Encik Abdul Kadir Sheikh Fadzir) are those who support the leadership but did not go around campaigning against others."

"People who had openly gone around running down others finished much further down than they expected."

"I think Umno has sent a message to its leaders — if you want to campaign or support a particular person, do so by all means but in the process don't try and destroy the credibility of other party leaders," he said.

Even if one accepts this assessment, it may not hold true come 1987 simply because of the changing composition of Umno delegates to the general assembly.

Teachers, who once formed the majority, made up only 27 per cent of this year's 1,280 delegates. Increasingly, the kingmakers

of Umno are the entrepreneurs and though they are not united now, they may well be in the future and be able to deliver their votes in blocs.

What is really worrying, however, is the increasing use of patronage to ensure victory in party contests.

Allegations have been made of taxi permits being issued to supporters, of finance company licences being given to particular people, of particular companies being selected for contracts though these companies may not be the most suitable ones for the jobs, of scholarships being given to children of powerful grassroots leaders — and these allegations are backed up by "proof" — the names of those getting these facilities.

Most of these allegations have been dismissed as false and as just part of the slander used in the campaign. But it is a fact that despite the efforts of Dr Mahathir and Datuk Musa Hitam, patronage politics appears to be taking hold in Umno.

If this system continues to be perpetuated to the point where it impairs government efficiency, then Umno may well lose sight of the larger stakes at issue in party elections — the issue of leadership.

Also, the way some of the contestants treated the delegates this year appears to indicate that Umno may in the future become more a small club rather than the grassroots party it has always been and which has contributed to its stability and unity.

The delegates, in whose hands lay the political future of these candidates, were given VIP treatment all the way and although

they numbered only about 1,280 in a party which has 1.25 million members, they were regarded as *the Umno*.

As one party leader puts it: "Some of the candidates seemed to think that as long as they treated the delegates well, they would be elected and that they did not really have to bother with the grassroots of the party — the branch members who were not present at the general assembly."

While some of the pessimistic views expressed by Umno sound unlikely to ever come true, the party leadership itself has shown that it was worried over the way the campaigns were conducted and has promised a post-mortem.

If need be, Dr Mahathir has said, recommendations would be made to the Supreme Council to amend the party constitution to ensure that such campaigns are checked in future.

While providing rules and regulations may help curb divisive and unhealthy campaigning, the real solution, however, lies in the attitude of Umno members.

If party members are prepared to say no to candidates who are determined to get power at any cost; if they are prepared to uphold the traditions of Umno and if they vote after matured reasoning of the issues involved rather on emotional support for a particular candidate, then Umno will not only continue to prove the prophets of doom wrong in the future but will continue to be the backbone of the Government and the nation.

CSO: 4200/839

## FUTURE OF UMNO EXAMINED

Kuala Lumpur NEW STRAITS TIMES in English 27 May 84 p 2

[Article by Munir Majid]

[Text] EVERY three years, when Umno elects its top leaders, the party — and the country along with it — gets all shook up. This year, more than most, the campaign for party posts was long, bitter and divisive.

Yet, after the thunder and clap, the results reveal a certain level-headedness among the delegates, as if guided by some invisible hand of wisdom.

There is, in the choice of party leaders that has been made, a balance between change and continuity, recognition of the need for an effective and committed team, a vote for both experience and new talent, for the old and the young, there is a blending of people of different capabilities and from different parts of the country and, as always, a fair proportion between those in the Federal Government and those in the State Governments.

This is Umno. A mass party which knows how to organise power. Despite the spirited and sometimes vicious campaign, the party, unlike Humpty Dumpty, has come together again.

Fissures, however, remain. And, as Datuk Seri Dr Mahathir pointed out in his presidential address on Friday *kita*

*harus ingat bahawa retak mudah menjadi belah* (we should remember a little crack can easily lead to a complete break).

In the dawn of the new day after the election, there will be an understandable tendency to look on the bright side, especially after a long, exhausting campaign. But it remains to be seen if the magnanimity of the re-elected Umno deputy president will be infectious.

The result of the battle for deputy president shows the desire for continuity of leadership and an aversion to overthrowing tested and competent leadership. The increase in the margin of Datuk Musa's victory from 205 votes in 1981 to 243 this time around, although not dramatic, points to his growing strength in the party, as reflected in the 744 votes he garnered as against 722 in 1981.

Nevertheless, a number of questions about the future are still unclear.

Although what is perfectly clear is that Datuk Harun Idris had over-stretched himself and is now clearly a spent political force. The 34 votes he managed to scrape together in his attempt at the deputy presidency must surely spell the end of a colourful political career.

He should really now try to make a go of the *Koop Bersatu* and seek to be of help to Umno at the request of the leadership.

What is less clear, however, is whether or not Tengku Razaleigh will follow Datuk Harun's political path in the sense of staying outside the establishment with his band of followers and supporters, which will only whittle down with the passage of time.

## The need

There are certain uncanny parallels in the path Datuk Harun has treaded and the road Tengku Razaleigh has been on since 1981. In 1981, Tengku Razaleigh presented the political profile of the right and righteous, just as Datuk Harun did before his fall from grace. After 1981, as with Datuk Harun after the fall from grace, the political image that has been presented is one of a leader who has contributed so much but in return has been wronged and is in disfavour.

Tengku Razaleigh obviously feels everything is unjustly stacked against him. He even feels there is no point talking to the Press, for instance, because it is biased against him. He is really bitter about the way the purported Mak allegation against him during the Jalil murder trial was played up, not

conceding that others have their imperatives too.

It could become his political tragedy that promise and expectation may lead him to *men-gembara*, to go into the wilderness, his ambition having been thwarted and his personality not able to cope with anything less.

There is a difference between accepting Datuk Musa as Umno deputy president but fancying his own chances, and not accepting Datuk Musa and therefore wanting to replace him. After being foiled a second time,

Tengku Razaleigh will have to think long and hard about the shape of his political future, if there is going to be one.

In terms of support, there is no going away from the fact that he has a solid, hard core. In terms of delegates to the Umno general assembly, he is still able to marshal 500 votes. In terms of his home State of Kelantan, that support is almost fanatical. In terms of other States, he holds certain stubborn pockets.

But, despite this respectable measure of Umno political support, he will do well to reflect on what has happened to Datuk Harun, on the inexorable process of attrition forces outside the mainstream are subjected to.

Tengku Razaleigh will have to decide whether, based on his political support, he wants to perpetuate a necessary tension with the established Umno leadership so as to underline his power, his separateness, or he wishes to swing this support fully behind the Umno leadership, with Dr Mahathir as party president and Datuk Musa as deputy president.

A desire to continue to want to be in the team will probably not be good enough; he must be *with* the team.

The point is, while the expectation is there must now be a Cabinet reshuffle soon, whatever reshuffle that takes place need not be based on who won and who lost (among Ministers who stood for one party post or another and lost, apart from Tengku Razaleigh, are Tengku Rithauddeen, Tan Sri Ghazali Shafie, Datin Paduka Aishah Ghani, Datuk Abdul Manan Othman and Minister/Ambassador Datuk Mohamed Rahmat).

Dr Mahathir has said that the position in the Cabinet is not absolutely based on the post held in the party. No party post does not mean no Cabinet position. He also told this writer that those not elected to any party position should not think they may not be given a party role. It all obviously de-

pends on the need, the man and his attitude.

Anyone who goes about thinking that his support is personal to holder and not on behalf of party, would place the Umno president in a difficult position insofar as using his services is concerned. After all, many Umno leaders have their own supporters. The point is not to have that support create a party within a party.

The kind of support that has brought Datuk Seri Haji Wan Mokhtar in as vice-president is not negligible, remembering that in 1981 he also came on top, that time for an ordinary Supreme Council seat. Of course the *kind* of support is different; however, the point is about the goals towards which support is directed.

In this year's Umno election, from deputy president to the humblest Youth or Wanita executive council member, the choice has overwhelmingly been for team players — not that candidates were not put up who represented a kind of *shadow party*.

What was evident, insofar as those latter candidates were concerned, was the block-vote support they obtained, based

on an almost *filial* affiliation. One or two managed to get elected for the ordinary Supreme Council seat as well as to the Youth and Wanita Exco. But what is even more significant is the creditable performance of the least likely and past candidates from among that number even up to the vice-presidential race.

It is this *shadow list*, this parallel movement that presents the most serious danger to the unity of Umno. Not the fact that contests take place which, if in the right spirit, are only an expression of the democratic process in the party. Not even so much the talked-about use of money politics and campaigns of personal vilification, for they are more the symptoms than the cause. Of course such tactics were not all that unsavoury in the 1984 campaign and were not necessarily deployed by the shadow party candidates alone, but the whole thing built up upon the fact of the crack in party unity.

At the end of what has been a really long and punishing campaign, there is, as can be expected, the mood of wanting to forgive and forget. There is talk of working out a set of guidelines to govern the conduct of future campaigns.

All this is good and positive. But the issue at the bottom of it all — the crack in party unity — must also be addressed. There has to be an accommodation; this means eschewing all sorts of *shadowy* shows of force. For Umno, the greater good must triumph.



## UMNO ANTI-PAS OFFENSIVE STARTS

Kuala Lumpur NEW STRAITS TIMES in English 28 May 84 p 2

[Text] KUALA LUMPUR, Sun. — UMNO has adopted an offensive approach in its efforts to eliminate Pas, Deputy Prime Minister Datuk Musa Hitam said here today.

He said this approach was decided by the party's Supreme Council after the issue was raised numerous times by Terengganu Menteri Besar Datuk Seri Wan Mokhtar Ahmad.

"It has been decided that we fight Pas on their own issues...ours should not be an approach of the defensive kind," he said in reply to points raised at the assembly.

Datuk Musa, who is also Home Affairs Minister, said that whatever action against Pas in Terengganu and Kelantan were taken with the support of the Menteri Besar of the two States.

"Any action taken against Pas followed information received and in consultation with the Menteri Besar," he added.

In this respect, he was confident that the Menteri Besar who understood better the politics and problems of their States would be able to help formulate strategies to wipe out Pas which he described as "our enemy."

Datuk Musa said he had been consistently

urged to take stern action against "these trouble makers" by using the powers vested in him as Home Affairs Minister.

"What these people mean is for me to use the Internal Security Act against those who use religion with political motives."

"It is easy indeed to be rid of them by shooting them. But is this the solution?", he asked.

Datuk Musa said the Penal Code had already been amended to empower the relevant authorities to take action against those found to use religion with political motives.

"We cannot take tougher measures than this lest Umno be trapped. We cannot be part of their tactics to glorify these Pas members and leaders," he said.

On criticisms that Umno leaders provide the opportunity for Pas to hit at the party, Datuk Musa said: "If this is so, then our critics are also guilty of the same as you are giving Pas the opportunity to exploit our debate and the turbulence among ourselves."

He said in Umno's fight against Pas, members should always remember that the Prophet Muhammad went to war to defend his belief and faith and Mahatma Gandhi won over the colonialists by strongly believing in independence.

On issues relating to the election campaign, Datuk Musa said he would discuss them "in an atmosphere where there is no intention on his part to win votes or to run down anyone."

"We should not use these issues for our own political ends. Moreover, we have lost precious time and we need that time to carry out our responsibilities."

"Don't let society and the people think that we have been too busy trying to wrest power. Let it be known that whatever we have undergone is to defend Umno, not for own interest or that of the party but for the well being of the people and country," he said.

AREAS OF COOPERATION WITH INDIA IDENTIFIED

Kuala Lumpur BUSINESS TIMES in English 31 May 84 p 1

[Article by Hamidah Hamid]

[Text]

MALAYSIA and India have identified areas of cooperation which they could pursue in resource-based industries, electrical and electronics, and medium as well as small-scale industries.

These are areas where India has developed the experience and expertise and is in a position to share its knowhow with Malaysians.

The secretary-general of the Ministry of Foreign Affairs, Tan Sri Zakaria Ali, did not dismiss the possibility of Malaysia assisting India in areas in which it had expertise. However, he did not elaborate.

He hoped interested Indian investors would come to Malaysia to conduct negotiations with local people about possible ventures.

Presently, the largest number of Indian foreign investments abroad are located in Malaysia. Malaysia has also sought technical assistance from India in agriculture, fisheries and small-scale industries.

However, Tan Sri Zakaria added that Malaysia hoped to witness increased Indian investments and joint ventures in Malaysia in the near future, in both the public and private sectors.

Speaking to reporters after signing the agreed minutes of the fourth session of the Malaysia-India joint committee, Tan Sri Zakaria said that frank discussions and exchange of views on various political, economic and cultural aspects of

both countries were touched upon during the session.

Mr Natwar Singh, the Indian External Affairs Ministry secretary who led the Indian delegation, said India would look into Malaysia's call for a bilateral shipping agreement. The matter would be looked into sympathetically and practical and concrete steps would be taken to realise the accord.

The proposal for a shipping agreement between the two countries was to encourage direct shipping services.

Such a move could prove advantageous to both countries, leading to a possible increase of the total volume of direct trade and a diversification of trade products.

Tan Sri Zakaria hoped a shipping agreement could be concluded as soon as possible.

Sharing the earlier view of his counterpart on increased bilateral trade, Mr Natwar Singh said he would like to see Indian investors identifying other possible openings which they could participate in to enhance bilateral trade relations.

He noted that the frequency of visits by Indian investors to Malaysia had slowed down in the past and he felt a need for contacts to be speeded up.

The two countries have about one year to work on their propositions in the hope of realising most if not all that was discussed before the 1985 meeting in India.

CSO: 4200/839

NO PLANS TO PRIVATIZE PETRONAS

Kuching THE BORNEO POST in English 19 May 84 p 1

[Text] Kuala Lumpur, Fri.--The government has no plans to privatize petronas, Prime Minister Datuk Seri Dr. Mahathir Mohamad said today.

The rationale of the privatization concept was to relieve the government of some of its financial burden, he told reporters after opening a business leaders' conference on national economic development, here.

"Petronas is not a financial burden to the government," he added.

However, the private sector could take part in petroleum downstream activities such as gas-based or gas-related industries, he said.

The Prime Minister refuted allegations that the government was privatizing only agencies which were losing or not making money.

He pointed out that the Malaysia Airlines System (MAS) was doing well and yet the government had decided to privatize it.

Dtauk Seri Dr. Mahathir said all government bodies privatizing their activities would be required to follow guidelines to be made public soon.

Earlier, in a dialogue session with participants of the two-day conference, the Prime Minister rejected a suggestion for formation of a high-level committee with government and private sector representation to supervise implementation of the privatization policy and the Malaysia incorporated concept.

The government, he said, was against the idea of setting-up a body or committee for every new policy it adopted.

The various existing machinery was sufficient to cope with the implementation of new policies.

The Prime Minister said the government was also in the process of dissolving many defunct committees and agencies.

However, he did not name them.

Some of the agencies, he said, might also be amalgamated into bigger and viable bodies.--Bernama

## BORDER FENCE CURBS SMUGGLING ACTIVITY

Kuala Lumpur NEW STRAITS TIMES in English 29 May 84 p 6

[Text] PENANG, Mon. — The 54.4-km (34-mile) fence along the Malaysian-Thai border which was completed at the end of last year and regular army patrols have helped to reduce smuggling between the two countries.

Deputy Defence Minister Abang Abu Bakar said the \$11-million fence built in two stretches has reduced smuggling in drugs, cattle, rice and small firearms from Thailand into Malaysia.

"I believe the Customs revenue from the border area has also increased."

**Amputated**

He was speaking to newsmen at the general hospital after visiting soldiers at the military ward who were injured by booby traps. He was accompanied by the general officer commanding-in-chief Peninsular Malaysia, Maj-Jen Datuk Yaacob Mohamed Zain and other officers.

However, Abang Abu Bakar said because the fence covered a great distance, there were bound to be certain areas where the smugglers could get in.

"But we are doing our best to have a 100 per cent check."

On the Communist menace at the border area, he said the security forces were continuously carrying out patrols and operations in the area.

"We are very happy with the support from the Thais who have completed their recent operation between April 14 and May 5."

He said although there were no joint Malaysian-Thai operations, there were joint patrols along the Kroh-Betong roads.

Abang Abu Bakar said the strategy in the border area was to ensure secur-

ity as well as develop the place.

He was happy with the various economic projects undertaken in these areas.

Earlier, Abang Abu Bakar presented gift parcels to seven soldiers who were wounded by booby traps.

Among them was Prebet Mahmood Anuar, 25, whose had the lower part of his right leg amputated after a booby-trap incident in Gubir, Kedah, on May 7. Prebet Mahmood has been in the army for six years.

## GOLD PRODUCTION BEGINS AT OK TEDI

Kuala Lumpur BUSINESS TIMES in English 28 May 84 p 4

[Article by Brian Timms]

[Text] THE Pacific island of Papua New Guinea has begun digging into a mineral mountain which will make it the world's third largest producer of gold.

The open cast OK Tedi mine (OK means river) is literally a crotch of copper and gold at the end of a rainbow — on average it rains 339 days a year at the mine in the remote and rugged Star Mountains.

After three years construction work hampered by a huge mud slide and the freak drying up of a local river, gold-bearing ore was loaded into the mill grinder for the first time two weeks ago.

The first gold will be ready for sale in early June and Papua New Guinea will swiftly become the largest producer of gold outside South Africa and the Soviet Union.

The mineral reserves will last 30 years and the Papua New Guinea government is hanging much of the nation's economic future on the mine's riches.

A steady rise in the price of gold, now about US\$376 an ounce, and of copper, about 64 US cents a pound, would provide a bonanza.

Many of the 2,250 local people working at the mine were living a stone-age existence when geologists discovered minerals in rivers in the area in 1968.

They traced the source of the minerals to mist-shrouded Mount Fubilan and found it capped with gold over a layer of gold and copper, with a lower level of copper alone.

The mountain is estimated to contain 41.3 million tonnes of gold ore, 351 million tonnes of porphyry copper ore and 25 million tonnes of skarn ore holding copper and gold.

In the first year, the mine will produce between 700,000 and 850,000 ounces of impure bullion containing between 600,000 and 650,000 ounces of gold.

Half the first year's production will be bought by Degussa AG of West Germany and the rest divided between Mase-Westpac Pty of Australia and New York, commodity dealer J. Aron and Company.

Twenty years ago maps of the OK Tedi region, 850 kms (520 miles) west of Papua New Guinea's capital, Port Moresby, and close to the Indonesian border, were marked "unexplored." Local tribesmen fought territorial wars and ate their victims.

The tribesmen have now moved dramatically from stone age to jet age, putting outboard

motors in their canoes and riding to work in helicopters.

But a demonstration in March last year by local tribesmen calling for more jobs for local people forced the brief evacuation to Port Moresby of about 200 wives and children of expatriate workers.

Bringing local people into senior jobs is a problem.

"When we look at the number of citizens of Papua New Guinea we have so far recruited — three metallurgists and four engineers in a staff that requires 20 or 30 each — we have a long way to go," said OK Tedi's general manager, Irwin Newman.

The OK Tedi mine consortium, in which Australia's Broken Hill Pty Company Ltd and Amoco Minerals (PNG) Company, a subsidiary of Standard Oil Co of Indiana, are the major shareholders, is sinking US\$1.3 billion in the project.

But it is a geographical nightmare with an annual rainfall of eight metres (26 feet), making it in one of the wettest places on earth.

Supplies are hauled 1,200 kms (750 miles) by barge from Port Moresby up the crocodile-infested fly river to the staging port of Kiunga.

Then a tortuous road winds north through rain forest to the base at Tabubil, where there is a township of 3,500 mine workers and their families.

A further network of 170 kms (100 miles) of roads stretch to the mine site, where bulldozers are carving a huge open cast hole in the mountain.

A mud slide last year changed plans for a permanent dam to store waste products. An interim dam has been built to trap the waste so that cyanide used in gold production can react with air and become harmless.

Officials are still trying to find a permanent site for a dam to provide cheap hydro-electric power for the mine.

But the first gold bullion produced at OK Tedi will soon be flown to Port Moresby for despatch to a gold refinery in Australia for further processing.

The consortium is keenly watching gold and copper prices for signs of a rise.

"Our surpluses are not great," said mine manager Mr Newman. "However, they would be superb if copper prices went to where we wanted them to go or where we thought they would go some years ago." — Reuter

## SINGAPORE

### WORKERS GIVEN BIG PAY RAISE

Kuala Lumpur NEW STRAITS TIMES in English 27 May 84 p 18

[Text] SINGAPORE, Sat. — Workers in Singapore will receive their highest annual pay increase for three years under recommendations published today by the National Wages Council.

The council, a tripartite body of Government, employer and union representatives, suggested pay increases of between eight and 12 per cent to reflect the island's impressive economic performance.

Local and foreign business houses have expressed concern that big pay increases, coupled with a strong Singapore dollar, could make Singapore's exports uncompetitive in the international market. But the National Trades Union Congress described the wage rises as realistic and fair, with the inflation rate expected to be contained at about three to four per cent this year.

The Government, which faces a general election later this year, was expected to accept the council's recommendations, making it obligatory for private businesses to follow suit. The council's statement said: "As the economy picks up, our wage policy should not be such as to retard or destroy the momentum of the economic upturn."

Singapore's export-oriented economy grew by 9.9 per cent in the first quarter of the year compared with 7.9 per cent for the same period in 1983. The economic growth rate for the whole of last year was 7.9 per cent.

The council made clear that it had taken into consideration the tight local labour market, but urged unions and employers to be flexible in implementing the increases. — Reuter

CSO: 4200/840

## DEVELOPMENT OF OIL BUSINESS CENTER PLANNED

Kuala Lumpur NEW STRAITS TIMES in English 27 May 84 p 5

[Text]

SINGAPORE, Sat. — Singapore is planning to develop into an integrated oil business centre with operations ranging from refining to trading, storing and shipping, the Singapore International Chamber of Commerce (SICC) said yesterday.

In its annual report, SICC said the island's refining industry, the third largest in the world, had started diversifying its operations, particularly with dwindling supplies from traditional sources.

Besides upgrading and making their facilities more flexible, the refineries had been playing an increasingly active role in oil trading, selling petroleum products to far away places like Iran, Tanzania and South Korea, it said.

Some refiners had started to offer terminalling facilities to third parties. The Singapore Government had also invested large sums in independent storage facilities, SICC said.

The SICC report gave no detailed figures, but said: "The Government's aim is to develop Singapore into an integrated oil business centre with the full range of activities from refining to trading, storing and shipping of petroleum products."

The SICC report said the oil industry here had recently invested more than S\$1 billion in energy conservation

and product upgrading projects to increase the efficiency and flexibility of the refineries.

The projects included Shell's S\$600 million hydro-cracker with a capacity of 21,000 barrels a day (bpd) which came on-stream last July and Singapore Refining Co's (SRC) S\$250 million 12,000 bpd catalytic reformer and 29,000 bpd visbreaker which were commissioned last August.

SRC is also building a 10,500 bpd hydro-cracker costing S\$180 million to be completed in 1986 while Mobil is implementing a S\$70 million programme to upgrade its process control systems and reduce energy consumption, SICC said.

Despite depressed world oil market conditions, Singapore refiners had an unexpectedly good year in 1983, operating at about 80 per cent of their total design capacity of 1.1 million bpd, SICC said.

Singapore refiners faced a less rosy year in 1984 with a withdrawal of Indonesian supplies which had accounted for nearly a quarter of total crude processed here in recent years, SICC said.

Indonesia has doubled its refining capacity to more than 800,000 bpd to meet all its requirements without using Singapore refiners.

The situation could worsen for Singapore refiners when new refineries in Saudi Arabia with potential export capacity of 500,000 bpd started operations later this year, SICC said. — Reuter

CSO: 4200/840

## EXPORTS TO ASEAN HIT RECORD HIGH

Kuala Lumpur BUSINESS TIMES in English 30 May 84 p 3

[Text]

Singapore trade with Asean, 1983*						
Country	Imports from		Exports to		Total Trade	Trade Balance
	S\$ million	%	S\$ million	%	S\$ million	S\$ million
Malaysia	\$8,638.8	(+7.1)	8,121.3	(+3.3)	\$16,760.1	—\$ 517.5
Philippines	\$271.3	(+23.9)	\$889.7	(+28.6)	\$1,161.0	+\$ 618.4
Thailand	\$1,068.2	(—5.6)	\$1,994.7	(+16.8)	\$3,062.9	+\$ 926.5
Indonesia	\$6,692.1	(+0.2)	\$7,414.2	(+22.9)	\$14,106.3	+\$ 722.1
Asean	\$16,670.4	(+3.6)	\$18,419.9	(+13.1)	\$35,090.3	+\$1,749.5
Figures in parenthesis show percentage change over 1982. * Preliminary.						

SINGAPORE exports to the Asean region, excluding Brunei, reached a record S\$18.4 billion last year.

The four Asean countries — Malaysia, Thailand, Philippines and Indonesia — bought more petroleum products, machinery and transport equipment, chemicals and other goods from Singapore. This contributed to a 13 per cent climb in exports over previous year.

Latest statistics published by the Singapore International Chamber of Commerce show that exports to Malaysia rose by three per cent, to Thailand 17 per cent, to Philippines 29 per cent and to Indonesia 23 per cent.

Imports of goods from the region grew by only 3.6 per cent, valued at S\$16.7 billion.

This slow growth in imports against a rapid rise in exports has led to a hefty S\$1.7 billion surplus

enjoyed by Singapore in its trade with the region. Total trade with the four countries was S\$35 billion.

As a group, Asean remained Singapore's leading trade partner as well as its largest supplier and market.

The largest Asean supplier of goods was Malaysia (S\$8.6 billion), followed by Indonesia (S\$6.7 billion) and Thailand (S\$1.1 billion). Imports from Philippines worth S\$271 million reflected a 24 per cent increase over 1982.

Singapore imported mainly raw materials and commodities like crude rubber, palm oil, coffee, rice, timber, spices and petroleum from its neighbours.

The Asean region was Singapore's largest supplier of crude petroleum, which amounted to S\$7.6 million or 41 per cent of total local imports.

Under the Asean Pre-

ferential Trading Arrangement Scheme, Singapore's total trade with the four members rose by 72 per cent to S\$76 million.

This was due to greater trade liberalisation as another 1,762 items received tariff cuts of 20 to 30 per cent under the PTA scheme last year.

Items which enjoyed large growth in trade movements under the scheme included aluminium foil, sulphuric acid, hydrocarbons, moulding boxes for metal foundries and additives to lubricating oils.

Trading under the scheme is expected to grow even more this year as 33 more export items have been granted tariff cuts last week. There are now 18,431 items enjoying tariff concessions.

Furthermore, the import value ceiling, which was just increased to US\$10 million in August last year, has also been removed. — BT S'pore



## ECONOMIC PLANNING, TRADE AND FINANCE

### AN GIANG OUTLINES PRINCIPLE ECONOMIC GOALS BY 1985

Hanoi NHAN DAN in Vietnamese 22 May 84 p 3

[Unattributed article: "A Number of An Giang Province's Principle Economic Goals by 1985"]

#### [Text] 1. Agricultural Production

Winter-spring crop area: 100,000 hectares with yields of 5 to 5.5 tons per hectare.

Summer-fall crop area: 70,000 to 80,000 hectares with a yield of 3 tons per hectare.

Tenth-month crop area: 100,000 hectares.

Total paddy output: 1 million tons.

Subsidiary food crop output: 30,000 tons.

#### Stock Raising

Hogs: 500,000

Cattle: 80,000

Ducks: 4 million

Fresh water fish: 28,000 tons

#### 2. Industry, Small Industry and Handicrafts

Total output value of 120 million dong, including 35 percent state-operation.

Electric power of 32 million kilowatt-hours.

#### 3. Exports

Value attained of 10 to 12 million rubles or dollars.

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CSO: 4209/330

## AGRICULTURE

### AN GIANG PARTY SECRETARY REPORTS AGRICULTURAL DEVELOPMENT

Hanoi NHAN DAN in Vietnamese 22 May 84 pp 3, 4

[Article by Le Viet Thang, Secretary of the An Giang Provincial Party Committee: "Agricultural Development Advances New, Total and Firm Step"]

[Text] An Giang is one of the provinces of great agricultural potential in the Mekong River delta with 280,000 hectares of cultivated land, more than 550,000 agricultural laborers and an average area of farmland per capita of 1,600 square meters.

The province has rice fields, stone mountains, fairly large reserves of river sand, more than 20,000 hectares planted in indigo, river and canal fish and shrimp, pond raised fish, many traditional handicraft trades such as sericulture and silk weaving at Tan Chau, carpentry at Cho Moi, brick and tile production at Chau Phu, and a fairly large source of mechanical and animal draft power.

The province has fresh water and silt from the Tien and Hau rivers and many ditches and streams, convenient for the development of water conservancy. Most of the land in An Giang Province is capable of rice, subsidiary food and short-term industrial multicropping to produce abundant grain and food for consumer use and export.

An Giang Province has ancient revolutionary traditions. The farmers, based on their creativity in labor, are receptive to new ideas and to the application of scientific and technical progress to production.

However, there are many complex difficulties. An Giang is located within the enemy's previous pacification area, there are many catholics and more than 80 percent of the people follow the Hoa Hao religion. The province has a border with Kampuchea more than 100 kilometers long. The weather is irregular with 6 months of hot weather in which the water table falls from 3 to 4 meters below ground level and there is prolonged drought; and with 6 months of rain in which the water table rises to 2 to 3 meters above ground level and floods normally occur.

Immediately after liberation, An Giang Province was short of food and also had to continue fighting to protect the border for nearly 4 years; and great floods occurred during the 2 years of 1978 and 1979, destroying nearly 360,000 tons of grain, almost equal to the total grain output for 1976. Agricultural production was for the most part one unstable rice crop of low yield each year.

The urgent mission of the party organization and people of An Giang Province is the need to simultaneously produce to resist hunger, fight to protect the border and work to maintain political security and social order.

In agricultural production, An Giang promotes cultivated area expansion, multi-cropping, intensive cultivation and simultaneous expansion of the winter-spring and summer-fall rice crop area while increasing the area of subsidiary food and short-term industrial crops.

To achieve this mission, An Giang has defined water conservancy as the foremost mission and decisive factor in creating conditions for achieving expansion of the multicropping and intensive cultivation area to increase rice yields. We have mobilized manpower and machines to continuously dredge canals and ditches for bringing water to the fields and to build dikes to resist floods for the protection of the summer-fall and 10th-month crops.

Funds invested in water conservancy account for the highest percentage of the capital reserved for agriculture. During some years, from 300,000 to 400,000 people are mobilized for water conservancy work and during the past 4 years, from 15 to 20 dredges have been available to work on source canals. To the present time, the province has constructed 41 electric pumping stations, 104 roving pump boats and many fuel pump complexes with more than 240 pumps forming 63 rounds over 886 kilometers of dike to protect 60,000 hectares of summer-fall rice with sufficient strength to resist the annual floods. Moreover, more than 6,650 small-scale water conservancy projects have been constructed with 7,680 kilometers of ditches and canals. More than 43 million cubic meters of earth have been moved, forming a field agricultural water conservancy system covering nearly the entire province.

Water conservancy development has been closely connected with the introduction of electric power to the rural areas to support the pumping stations. The process of water conservancy work has created for a majority of the farmers a collective concept and initial organization of production collectives and agricultural cooperatives.

An Giang advocates the use of new high-yield and disease resistant varieties, arranging crops consistent with each land area, arranging the growing schedule, increasing fuel, fertilizer and insecticide investments and encouraging the farmers to enthusiastically engage in production.

In 1976, the area of multicropped rice was 34,000 hectares, rising to 68,500 hectares in 1979 and 95,600 hectares in 1983. The area of summer-fall rice in 1975 was 19,000 hectares, rising to 75,000 hectares in 1983. Winter-spring rice has become the primary and most reliable crop with an output equal to more than one-half the total grain output of the province for the entire year. The grain output for 1983 was 840,000 tons (including both rice and subsidiary food crops); for an average annual per capita grain level of 520 kilograms, double the 1975 level. The yields of multicropped rice have annually increased. The 1983-1984 winter-spring crop attained an average yield of 5.3 tons per hectare with many production collectives attaining more than 6 tons per hectare and some locations in the high output rice areas attaining from 7 to 8 tons per

hectare. During 2 years with heavy flooding (1978 and 1979), An Giang was still able to assure sufficient food to eat and to fulfill a state obligation of 100,000 tons.

The development of subsidiary food crops has been noteworthy, including grain and food crops and especially short-term industrial crops such as sesame, green beans, soybeans, tobacco, etc. Large concentrated areas specializing in the raising of subsidiary food crops have been formed.

Developed crop growing has stimulated stock raising. The hog herd and buffalo and cattle herd of 1983 were twice that of 1976. There are 658 fish raising rafts producing an average of 8 to 10 tons of fish per raft.

Noteworthy results have been made in the application of scientific and technical progress to production such as building dikes to resist the annual August floods, effective protection of the summer-fall rice and introduction of silt to the fields after the fall rice harvest in order to improve soil fertility. Machinery has been used throughout the water conservancy and rice threshing steps; 70 percent of the land cultivation has been mechanized. An Giang has formed three agricultural production areas following an intensive cultivation and multicropping course and has expanded the cultivated area and carried out total and firm development with the purpose of well-exploiting land and labor potential and replacing old work habits from working one rice crop to two rice crops or two rice crops and one subsidiary food crop.

Production reorganization and labor redistribution in agriculture and establishment of production solidarity teams, production collectives and agricultural cooperatives since 1981 have had a rapid and firm rate of development. There have been 56,200 hectares of land recovered and reallocated to 71,200 farm families with little or no land and 52.25 percent of the farm families and 70 percent of the agricultural laborers have begun collective work and product contracting in agriculture. The production collectives and cooperatives have conditions for concentrated investment, promoting intensive cultivation to increase yields and product management and to promote other tasks. The living standards of the people have been gradually improved.

The success of agriculture in An Giang originated from the resolutions of the fourth and fifth national congresses of the party. An Giang correctly evaluated the situation of believing in the revolutionary spirit of the masses, clearly recognized the province's land and labor potential and clearly grasped the central mission as agricultural production with grain foremost. From this, the party organization and people unified their will and created a powerful revolutionary movement to achieve total and firm agricultural development on a proper course.

Agricultural production development has created conditions for stimulating the development of industrial sectors and small industry and handicrafts such as the machines to repair mechanical plows and milling machines, to produce rice threshing machines, pumping boats, and agricultural machine parts, electric power, exploitation of construction materials, construction of transportation roads and bridges in the fields, etc. During the 3 years from 1981 to 1983,

industry and small industry and handicrafts increased by 45 percent and electric power production increased by 4.5 percent over the 3-year period from 1978 to 1980. Additional warehouses, farm stations and drying yards have been constructed.

New changes have been made on the distribution and circulation front. Socialist trade becomes increasingly larger each year. In 1982, An Giang collected 250,000 tons of grain. By 1983, 271,400 tons had been collected, an increase of 8.4 percent over 1982 and accounting for more than 33 percent of the total output and 95 percent of the commodity grain volume. Socialist trade accounted for 25 percent of all retail goods and 85 to 90 percent of grain sales; commodities delivered to the central government increased by 13.7 times over the total 3-year period from 1978 to 1980; and exports during the period from 1981 to 1983 increased by three times over the previous 3-year period.

Culture, education and public health developed to serve production and the lives of the people and to build a new rural area.

Nevertheless, An Giang still has weaknesses. Cultivated area rapidly increased but yields and output increased slowly; the development of subsidiary food crops has not been on a balanced level with that of the rice crop; stock raising is still not at the level of farming; farming is still not closely coordinated with the processing of agricultural products and waste still occurs in land and labor; fertilizer investment is still not at the proper level; the establishment of production solidarity teams, production collectives and agricultural collectives is still not coordinated and wide scale; and decentralization to the district level is not yet strong.

During the 2 years of 1984 and 1985, An Giang will continue to firmly grasp and emphasize total agricultural development, first of all that of grain, in conjunction with promoting the development of industry, small industry and handicrafts aimed at swiftly increasing the output of grain, food and consumer and export goods, improving the material and cultural lives of the people, increasing the capital accumulation of the local areas and fulfilling obligations to the state.

In order to achieve this task, An Giang must complete land reform, organize production solidarity teams, production collectives and agricultural cooperatives, reorganize production, delineate farming and stock raising, build the districts and strengthen the district level. The province must strengthen research and application of scientific and technical progress to production, develop the collective ownership rights of the laboring people, develop the composite strength of all sectors and echelons, carry out the guideline of "the state and the people working together," concentrate efforts to promote multi-cropping and intensive cultivation to increase yields and expand the area of both rice and subsidiary food crops, and develop short-term industrial crops such as: sesame, tobacco, green beans, soybeans, maize, sugarcane and mulberry with priority investment in the expansion of areas for raising high output rice and special production crops. The struggle determination for 1984 is to achieve 900,000 tons of grain and by 1985 to achieve 1 million tons of grain and up.

The province is striving for control of most of the commodity grain and primary agricultural products. The foremost methods are to promote the signing of two-way contracts, to develop credit cooperatives, to increase exports and to align the economy in order to self-balance supplies, fertilizer, and commodities for direct exchange with the producer, to formulate rational pricing policies and exchange formulas, to carry out conservation, to restrict population increase, to manage the market, and to resist speculation and black marketeering.

All echelons and sectors must consider agriculture as the foremost front and the initial basis for stimulating the development of all other work aspects, from that raising responsibility, supporting agriculture and launching a revolutionary movement of the masses for heated competition in production labor.

Concern for strengthening and building the party, strengthening primary level party organizations, strengthening production collectives and agricultural cooperatives, first of all the establishment of a total plan and organization to successfully achieve the plan, and accomplishing the plan from the primary level create conditions for the rural masses to rely on the production collectives and cooperatives to control production, distribution, circulation and consumption.

Developing a revolutionary assault, self-confident, united, unanimous, active and creative spirit with ability, quality and effectiveness as a struggle goal, the party organization and people of An Giang Province are determined to complete and exceed the economic and social objectives set forth by the third provincial party congress in order to advance agriculture by a new, total and firm step, and to actively join the entire nation in successfully completing the resolution of the third national congress of the party.

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CSO: 4209/330

## AGRICULTURE

### PROBLEMS OF AGRICULTURAL COOPERATIVES IN THAI BINH DISCUSSED

Hanoi NHAN DAN in Vietnamese 25, 26, 27 Apr 84

[Article by Huu Tho: "Some Contemporary Problems in Agricultural Cooperative Management in Thai Binh"]

[25 Apr 84 pp 2, 4]

[Text] Recently, questions have often been posed about the situation of agricultural cooperative management and whether or not socialist production relations in the rural areas have weakened or grown stronger since the implementation of the product contracting out mechanism and a number of policies to encourage the development of agricultural production. In all provinces there are comrades who have posed those questions, and many opinions have also been discussed in Thai Binh.

Concern over the situation of production relations in the rural areas is entirely proper. Yesterday, today, and tomorrow we have and will pay attention to that matter in order to not only continually develop agriculture but also to gradually build a new socialist countryside. The mission of consolidating and strengthening the socialist production relations is a permanent, long-range one. In every period there are new missions and it is necessary to resolve new problems which arise.

In the past, prior to the implementation of the new management mechanism, what were the problems regarding production relations in the rural areas of the north with which many people were concerned? If it is said that land is the most important production means in agriculture, at that time, according to the Statistics General Department, collective land left fallow in the north amounted to 150,000 hectares. In the delta provinces alone the unused area amounted to 80,000 hectares. The evil of land encroachment had developed to the extent that it was necessary to carry out concentrated campaigns to recover the land and discipline a considerable number of cadres and party members. If labor is the most important production force, it lacked enthusiasm, as noted by the resolution of the Sixth Plenum of the the Party Central Committee. As regards the material-technical bases of the cooperatives, the outstanding feature was that the system of stationary machinery that had been supplied during wartime was not used, and the water conservancy system was not well maintained and used. In many cooperatives the income from workpoints was low and in some cooperatives a workpoint was



worthless. The situation of tardiness in paying debts was quite widespread, to the extent that the party organizations had to launch concentrated campaigns to collect debts. Collective hog raising declined from 950,000 hogs in 1976 to 482,000 in 1980. The downward adjustment of contracted-out norms in years when there were poor harvests, which made a mess of accounting, was a widespread situation. A number of places even did away with contracted out norms. A number of agricultural cooperatives in the mountain region encountered difficulties and in many places they existed in form only. The cooperativization movement in Nam Bo, after a period of rapid implementation, disintegrated into fragments, so that cooperatives only included 9 percent of the households and 7 percent of the land, etc. In addition to the good aspects, the above-mentioned situation was worrisome.

Beginning with the implementation of the new management mechanism, "Clear progress was made in the better use of labor and land, and production developed. When the product contracting out system was expanded to a certain crop, kind of livestock, or trade, the production effectiveness of that crop, livestock, or trade greatly improved." That was the observation of the ordinary cooperative members and production unit leaders, as well as the cooperative directors and the district and provincial secretaries and chairmen we met. In especially difficult years, such as this year's spring season, the effect of product contracting out becomes even more clear. The rural areas were experiencing difficulties with regard to living conditions, there was prolonged cold, and it was necessary to replant two or three times. The cooperative members in Minh Khai (Hung Ha) and Lien Giang (Dong Hung) believed that with the old way of earning a living they would have had to abandon as much as half of the cultivated area, but now when they looked at the fields they were pleased. If the effectiveness of commercial production by the collective economy and its responsibility toward the nation's common revolutionary undertaking as a manifestation of the superiority of the new production relations, the cooperatives have become stronger during the past 3 years. But as regards the collective economic relationship and the situation in the rural areas, the comrades in Thai Binh believe that there are a number of problems needing analysis, at least seven or eight. Some problems existed in the past and we must continue to resolve them. But there are also problems which have only recently arisen. For example, the new contracting out system encourages the peasants to develop production, so why have some peasants returned their contracted-out land? Why have the cooperative funds not actually increased, and with such a situation regarding funds how will it be possible to achieve expanded reproduction? How is it possible to prevent the management of the collective tasks from slipping? A number of material-technical bases of the cooperatives cannot be used and are gradually falling apart, so why must they still be depreciated? Why is the situation of unpaid rice debts quite widespread? As regards living conditions, how should the existence of rich people and poor people in the rural areas be analyzed? In the relationship between the state and the peasants, especially with regard to the state grain purchasing, the supplying of materials, and two-way exchanges there are still many problems requiring further examination.

In fact, it would be a major deficiency not to study state agriculture when studying the new production relations in agriculture. But because of the limited scope of a newspaper article, we restricted our research to the



collective agricultural production sector. The problems in actual collective production in Thai Binh are problems which appear to be widespread and must be studied and analyzed in detail in order to find solutions for them.

At first, in Hanoi, I heard the opinion that such problems exist only in product contracting. When I went to the localities, many leadership cadres said that there are problems caused by the implementation of the contracting-out policy but there are other problems that are not related to product contracting-out, but to the management of cooperatives and the general economy.

Where should we begin? Perhaps we should begin with the returning of contracted-out land.

Why have some peasants returned contracted-out land?

The returning of contracted-out land truly exists. In some places, here and there some families return land, but in Thai Binh the number is rather large. Some 48 cooperatives in five districts have returned 1,180 Mau Bac Bo [i.e. 3,600 sq m] of contracted-out land. In Dong Hung District, in every cooperative some families have returned contracted-out land. In all, in comparison to the rice area managed collectively the contracted-out land returned by cooperative members does not exceed 1 percent, but can that become a trend? During this year's spring season, when difficulties were encountered in production, the number of people returning land increased. The cooperatives didn't have time to reassign the land, so it was turned over to the organizations, so there was "party chapter land," "management land," "Youth Union land," "military unit land," etc.

When he analyzed the situation, one comrade said, "When the contracting out began, some comrades were concerned that if land was assigned on a stabilized basis collective land would gradually become private land, and in the future it would be difficult to reclaim it. Now, some peasants are returning the land, not trying to keep it." Even so, that problem must be strictly analyzed.

To contract out output is to link the workers to ultimate output and encourage the initiative of the workers, so that they will go all-out to surpass the contracted-out norm by investing additional labor and capital to surpass the contracted-out plan norm assigned by the cooperative, increase output for society, etc. The most obvious reasons why they are returning contracted-out land is that either they are unable to work it or felt that it is not more profitable than working no, or little, contracted-out land. According to analyses by comrades in Dong Hung and Hung Ha districts and in Lien Giang Village, the peasants who return contracted-out land may be divided into six categories:

1. People who engage in buying and selling, including some who engage in illegal buying and selling, feel that it is more profitable for them to return the land and thus became traders.
2. Some places assign land on a per-capita average basis, so some families are unable to work the land they accepted.

3. A number of people intend to intensively cultivate a small amount of land to grow enough rice to eat, and think that if they produce much rice they will have to "exchange" it with the state at an irrational price.

4. A number of families experience changes with regard to labor (some people join the army, become industrial workers, or die), so they are incapable of working all the land they accepted.

5. Some people cannot attain the contracted-out norm, suffer losses, and have to delay paying rice debts and go into debt because their farming techniques are deficient and they must buy or exchange some materials at high prices.

6. Some families had to replant two or three times because of the severe weather but the rice seedlings died every time, so they have no more seeds to plant and must return the land so they won't have to reimburse the cooperative in the future.

Clearly, the people who return land have different motives so they must be dealt with by different means. As regards a small number of people who must struggle to fulfill their agricultural labor obligation, they must not be allowed to abandon the land on their own volition to take up trading. With regard to families with insufficient labor, it is rational for them to return some of the land; they must be assigned land in correct accordance with the guidelines and their contracted-out land should be reduced to correspond to their labor, so that additional land can be assigned to families with members returning after completing military service, or with members who have just reached working age. In Lien Giang Village, four households wanted to return some land but one family requested additional land. In general, in the rural areas there are always some families who must return some of their land, and some families who request additional contracted-out land. That is rational, so it is necessary to continually adjust the land. As regards families in the third category, the return of their land is related to the policy of controlling the output produced by the peasants beyond the contracted-out norms, which will be discussed later in the article. As regards families who experience difficulties with regard to seedstock, capital, and production techniques, the assistance of the collective is very necessary if they are to fulfill the cooperative's production plan.

The workers, with the new contracting-out system, are enthusiastic over contracting-out, and go all-out to surpass the contracted-out norm for two reasons: first, because of the moderate contracted-out norm they feel that they can go all-out to surpass it, or invest additional labor and capital to earn a profit; second, with the output produced beyond the norm they can have more for personal consumption or to exchange with the state on an equal basis in order to improve their family's living conditions. As I understand it, some things have limited the workers' motivation for accepting contracted-out land during the recent period.

Is the contracted-out output norm high or low? Thai Binh's policy is to use the average yield of the previous 3 years before the contracting out, plus 5 to 10 percent, to determine the contracted-out output norm. Thus the contracted

out norm is moderate and is based on a progressive average. The "excessive" thing of which many cooperative members spoke when I met with them was that in comparison to the contracted-out norm the expenditures for materials were about half the average during the 3 years prior to the contracting out. In Dong Hung District, in 1983 the price of nitrogenous fertilizer was only about half that in 1978, the price of phosphate fertilizer was a little more than half, the price of oil was 60 percent, and the price of electricity was 46 percent, but the contracted-out norm continued to be the average yield plus 5 to 10 percent. A rather widespread observation there, especially by the provincial organs, was that the peasants had profited excessively during the 3 years of accepting contracting out. The province directed the adjustment of the contracted-out norm beginning with this year's spring season, essentially an upward adjustment of about 5 to 6 percent. Although it has not yet been implemented it was disseminated to the village level, where it psychologically unsettled the people accepting contracted-out land. According to an investigation of 111 families in Dong Hung District, on the average a peasant must surpass the contracted-out norm by 30 kilograms per .1 mau to recover his capital (more precisely, he would have to give up 31 additional kilograms of paddy). Mr. Bao, a cooperative member of Unit 5 in the Lien Giang cooperative, said, "If I give you 1.3 kilograms of urea, 3 kilograms of phosphate, and 3 quintals of manure and you can produce a quintal of rice, I'll admit to the central level that I'm wrong. Now you have increased the amount to 1.2 quintals." Those are calculations with different results. It is incorrect to set either high or low contracting-out norms. The peasants tend to want to lower the contracting-out norm, but that is not always the case. If one calculates too petty with workers one will pay the price -- that was the admonition of many socialist management psychologists with whom I am acquainted.

When the policy of mobilizing grain in accordance with a total norm was actually implemented at the village level, although the peasants surpassed the norm they were no better off and had to exchange it. We will deal with the exchange of manufactured goods with the peasants later, but we were surprised to learn that many places had transformed the exchange of manufactured consumer goods into an "obligation to exchange grain for manufactured goods" on the part of each family, and in some places the amount of rice consumed by each family was calculated to determine the additional amount of rice it had to sell on an obligatory basis, rather like the period of "a minimum of 13, a maximum of 18" we had criticized because it caused negativism toward production.

In fact, as stated above, not much contracted-out land has been returned in Thai Binh, but agreement must be reached in order to find a way to promptly resolve that problem for it is manifested to a certain degree, and some policies and working methods are restricting the strong motive force brought about by the contracting-out of output.

The collective funds have actually declined. Why?

Increasing the undistributed funds is a way to strengthen the collective economy and is related to the commercial activity of the cooperatives. During the past several years, in addition to the new management mechanism in agriculture we have a number of new policies which are related not only to the undistributed funds but also to the cooperative members' work points. The

various kinds of funds depend on the actual income of the cooperatives, so it is necessary to consider the following two instances:

First, if the production level of the cooperative is made a fixed value, an increase in taxes will lower the cooperative's total income. In Dong Hung District, the amount of tax increased by more than 1,000 tons. When the tax increases the accumulation for society increases but the income of the cooperative, in terms of grain and money, decreases, if production does not increase. The adjustment of the tax level is rational. But in order to maintain or increase the collective funds, the key is in the tempo of development of the cooperative's production, not only in rice production but in overall production.

Second, during the past several years we have changed the order of priority in cooperatives along more rational lines. In the past, to put it in an easily understood way, we made deductions from the actual income for the various kinds of funds according to the guidance ratios and the remainder was distributed according to workpoints. In other words, the value of the workers' work days varied with the amount of the "remainder." We clearly realize the negativism resulting from that method. Now, we are endeavoring to ensure the stabilization of the planned work days, i.e. after deducting taxes and production expenses we give top priority to the workers' incomes. That is an advanced distribution method, in the situation of difficulties still being encountered in production and life, which pays more attention to the benefit of the workers, the most important production force. Thus when cooperatives earn a lot they put a lot in the funds, when they earn little they put little in the funds, and when they earn no profit they put nothing in the funds, for they want to ensure the workers' minimum living standards. We should not and will never, for the sake of increasing the collective funds, return to the old method of distribution, so that we can improve the lives of the workers, who have met more misfortune than good fortune. The problem is how to enable the cooperatives to become increasingly more profitable -- the cooperatives' profits are related to their internal management -- so that they can operate with higher economic effectiveness and so that distribution will have less of a subsidy nature. But they are also related to the policies of the state, especially its rational materials prices, in order to help the cooperatives have moderate production expenses and ensure that the purchase prices of agricultural products are higher than the rational production costs. At present the cooperatives' production expenses are very high, in some places 40 percent of the value of production and in some places 50 percent, and in the four cooperatives we studied the actual production costs were higher than the state's purchase prices for agricultural products. The state recently increased its purchase prices of agricultural products, while also increasing the selling prices of materials, so in a rice province such as Thai Binh, according to calculations in some places the cooperatives' incomes increased by 4.3 percent but production expenses increased by nearly 20 percent. That matter is now the subject of a separate study. Thus we believe that the root of the increasing of the undistributed funds essentially does not lie in increasing the contracting-out norms but in enabling the actual incomes of the cooperatives to increase and in enabling them to become increasingly profitable. The problem lies not only in perfecting the contracting out of output but also in guiding the cooperatives to improve their over-all

management and economic accounting, while also adopting state policies to encourage the strengthening of the collective economy.

There is yet another problem with regard to the cooperatives' undistributed funds: the considerable difference between the budgets on the accounting books and the actual funds. That problem is not a new one, but has existed for a long time. At a time when the cooperative economy is becoming incredibly diverse and cooperative management increasingly complicated, even in the north only a little more than 9 percent of the directors and 7.5 percent of the accountants have mid-level economic management, so accounting in the cooperatives is still a difficult problem. But let us temporarily lay that matter aside so that we can continue to discuss the problems that are being posed. According to their reports, most of the cooperatives add to their funds in the proper ratios, but in fact that is no longer the case. There are two kinds of funds: monetary and in-kind. Let us now talk about in-kind funds, for that is a matter about which many people are concerned. In Dong Hung, the fund nominally amounts to 10,148 tons but in fact, at the time we arrived there it amounted to only 1,900 tons. In Kien Xuong District the fund amounts to only 1,350 tons, not the reported 6,839 tons. The actual funds have decreased greatly in comparison to the amounts listed in the accounting books for the following four reasons:

1. Grain is borrowed from the collective grain fund to fulfill the over-all grain obligation. We have the policy of exchanging manufactured goods for the peasants' surplus grain, but because of excessive requirements and irrational prices, and because the goods do not suit the tastes of the consumers (that will be discussed later), there exists the improper practice of exchanging rice in the collective fund for manufactured goods. The grain funds have been reduced but part of them have been transformed into money. Some places have sold the goods at the purchase price, and some places at less than the purchase price, to obtain money. Some cooperatives have been unable to sell the goods and have had to keep some manufactured goods in the warehouse. According to the plan, the total grain funds of 36 cooperatives in Dong Hung District should amount to 10,148 tons of paddy, but 5,033 tons, 50 percent of the total fund, have been used to fulfill the over-all grain requirement. The consumer goods that have not yet been sold in Dong Hung District include 12,000 meters of cloth and 300 bicycles.

2. Cooperative members who accept contracted-out land have not paid their rice debts. In a number of places debt rice is sold to people for workpoints. A number of cooperatives must distribute rice from the grain fund according to plan. In Dong Hung District, the amount of unpaid rice debts in 36 cooperatives is 2,300 tons, which is only about 4 percent of the total output but is about 20 percent of the total amount of the collective grain fund. We will analyze the matter of unpaid rice debts later. Here we will only deal with unpaid rice debts as they have contributed to reducing the cooperatives' actual grain funds.

3. The collective grain fund is used to reimburse cooperative members who exchanged rice for agricultural materials, especially nitrogenous fertilizer. The state exchanges one kilogram of urea for three kilograms of rice, but recently the price of nitrogenous fertilizer on the free market has only



equalled two kilograms of paddy. Why nitrogenous fertilizer, a material managed by the state, is available on the freemarket is something that must be discussed. Here we will only deal with the matter of coopeatives wanting the peasants to exchange rice for nitrogenous fertilizer in order to practice intensive cultivation, but the peasants not exchanging rice at that rate. In order to practice intensive cultivation, the cooperatives must absorb and make up for the state's exchange rate of three kilograms, and only require the peasants to exchange 2.5 kilograms. The Vu Ninh cooperative in Kien Xuong had to pay out 15 tons of grain, and the Vu Trung cooperative 30 tons of grain, to reimburse cooperative members who exchange grain for nitrogenous fertilizer.

It is also necessary to mention having to make up for losses in exchanging consumer goods for the cooperative members' grain. For example, a locally produced bicycle is exchanged for 300 kilograms of rice. That is a task of the distribution-circulation sector, but it forces the agricultural cooperatives to do that work for it. The cooperatives must pay the full amount of rice but are "stuck" with the bicycles because the cooperative members are willing to pay only 250 kilograms. One cooperative received nine bicycles but could exchange only one of them. Thus the rice fund both suffers a loss and is transformed into bicycles which are placed in a warehouse.

4. It should perhaps be added that a fourth reason is the fulfilment of the obligation to sell pork. According to many comrades there, the obligation imposed on families to sell pork should receive further study because it is not yet rational. In Dong Hung District, ordinarily only about 80 percent of the cooperative member families fulfill their obligation to sell pork. In order to meet their pork obligation, cooperatives must use rice from the fund to exchange for pork sold to meet obligations.

Thus there are many problems related to the funds. There are monetary funds and grain funds. The grain funds in the cooperatives are required only to a certain extent, but it is necessary to increase the cooperatives' interest rate. Therefore, two basic methods of increasing the cooperative funds are to expand the cooperatives' commerce and develop its trades, while at the same time having tighter accounting, opposing subsidies, and ensuring that all sectors operate profitably, so that the cooperatives' actual income will continually increase. In the final analysis there are two parts to the actual income: accumulation and consumption. The coopeatives' income is part of the national income, so the cooperatives accumulate income for themselves and are responsible for increasing the income of society by means of taxes and price disparities. If necessary, our state can also adopt the policy of giving priority to incrasing the cooperatives' undistributed funds.

We should not allow the situation of there being a disparity between the actual fund and the nominal fund, which permits bad people to engage in corruption and take advantage, and creates difficulties for oversight. In some respects the management of the basic-level economic units must be rectified, especially with regard to the freezing of output, which we will discuss later. But there is also the question of how to control the peasants' surplus output in reasonable, rational manner. That requires the industrial sectors to make greater efforts and that the distribution-circulation sector emend its working methods so that they can be more suitable for the producers and consumers.

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#### Unpaid rice debts:

At present, in the agricultural cooperatives in Thai Binh as well as in many other places, with regard to the situation of collective capital there is not only the problem of cooperative members not turning over to the cooperative its full share of their output but also the matter of tardiness in repaying debts. To separate the matter of unpaid rice debts for analysis is to analyze tardiness in repaying debts in grain in the relationship to the new production mechanism.

According to a report of the province, the amount of rice debts owed by cooperative members amounts to 16,000 tons, more than 3 percent of the total grain output of the agricultural cooperatives in 1983. We are speaking of the debts accumulated by the cooperative members since the cooperatives were formed, not just during the past 3 years. But by 1980, how much grain did the cooperative members in the province owe to the cooperatives? We could not locate that figure. When we went to Dong Hung District the local comrades told us that before the implementation of the contracting out of output the cooperative members owed approximately 900 to 1,000 tons of rice. They would repay the debts, borrow again, and owe even more. After 2 years of implementing the output contracting out system, in 1982, the debt amounted to only 750 tons, i.e. the cooperative members had paid off some of their old debts. In 1982 the 10th month crop failed and rice yields were four quinals per hectare less than the previous year, but grain mobilization increased by nearly 9,000 tons, the peasants experienced difficulties in their lives, and the amount of rice debts suddenly increased to 2,300 tons, about 4 percent of the total and higher than the provincial average.

In the actual situation, not every unit owed increasingly larger amounts. In some villages in Dong Hung District the amount of rice debts declined. Dong Phuong Village was an example. Before it contracted out output there were always 135 families who had to be assisted with regard to grain. In 1981 and 1982 no family lacked food. Before the contracting out the cooperative members owed the cooperative between 55 and 74 tons of paddy, in 1984 they still owed 4 tons (i.e. 70 tons of the old grain had been repaid), and in 1983, when difficulties were encountered, they still owed only 6 tons. The same was true in Dong Huy Village. Prior to the contracting out cooperative members were only allowed to dry paddy for the collective but the amount of unpaid rice debts also amounted to 45 to 50 tons. In 1981 and 1982 only two quintals were still owed (i.e. nearly 50 tons of old rice taxes had been paid), and in 1983 four quintals of back taxes were owed. In the situation of widespread unpaid taxes there were still some cooperatives, although a very small number, which did not allow tardiness in repaying debts, which proved that the situation of unpaid rice debts was not a direct result of the contracting out of output.

Who are the people who owe rice debts to the cooperatives? According to an investigation by the comrades there, there were six categories of people who owe rice debts:

1. Some people have already sold the rice to build houses and buy expensive furniture, and "take a risk" as regards their debt to the cooperatives. They are not many in number, only about 1 or 2 percent of the total debtors. The comrades in Kien Xuong District believe that they account for 2 to 3 percent of the total.

2. Some people know little about production techniques, and are not diligent, are wasteful, and never meet the contracted-out norms. In places which are accustomed to diligent farming with a high degree of skill, such as Dong Hung District, they account for 3 percent of the people who owe rice debts.

3. The largest number of the people who owe rice debts are those who fail to meet the contracted-out norm or do not surpass it by a sufficient amount to recover their investment.

4. Some people, feeling that the contracts of the specialized teams and units are not being properly implemented, demand an exemption or reduction. Before the cooperative has even acted on the request it enters the amount in the books as a debt.

5. Other people fail to meet the family's obligation to sell pork, so the cooperative must sell its pork instead and records an equivalent amount of rice as a debt owed for not meeting the norm of contracted-out output.

6. Because of difficulties in their production and lives, a number of others owe the cooperative and must pay interest, which accumulates year after year to become a large debt.

When we questioned some cadres who guided "product recovery" in the cooperatives by going to the homes of cooperative members who still owe rice debts, they said, "When we went to their homes and spoke with them we found that most had a legitimate reason for owing the cooperative."

In the rural areas there are always some people who work haphazardly, who build houses with concrete roofs but are hungry and don't ask for any help, but run up big debts to the cooperatives and the people. We have a different way of dealing with such people. There are also some people who know little of production techniques. The cooperatives should assign them a moderate amount of land, while guiding them so that they can surpass the contracted-out norm and both fulfill their obligations to the collective distribution fund and meet the needs of the family. The cooperatives and mass organizations should also help families experiencing difficulties with regard to labor, capital, and seedstock.

The most important matter is enabling everyone to surpass the contracted-out norms by assigning them rational norms, with appropriate incentives for workers who accept contracting out to make all-out efforts. When land is contracted out management should not be relaxed. Instead, it is necessary to closely guide each family, help the families overcome their difficulties, not allow them to fall short of the contracted-out norms and, when there is a natural



disaster, promptly exempt them, as has been done in the villages of Dong Phuong and Dong Huy.

Let us take as an example this year's spring crop. The rice is developing well but expenses have been very great. Rational contracted-out output norms should be calculated and discussed, beginning now, and made public at an early date so that the people can be at ease in production.

We struggle against people who deliberately delay paying their debts, but most of the peasants do not want to be in debt. A number of people we met who were experiencing difficulties confided that "When things get too difficult it is better to owe the collective than to borrow with interest on the outside." That is commendable confidence in the collective, but it also manifests a tendency to rely excessively on the collective. Our cadres criticize some peasants for over-dependency, for tardiness in paying debts, and for failing to turn over the required output to the cooperatives. Should they not criticize themselves: "Why should some peasants who encounter difficulties be allowed to accumulate debts year after year, and sometimes have to borrow at high interest rates?" The party organizations and leadership cadres in the rural areas should consider their responsibility toward that matter.

Specialized units: contracting out does not mean relaxing management. The problem is for the district and basic levels to control them jointly.

The relaxation of production management is quite widespread at the basic level. The management of specialized units has been relaxed. Management of the basic units has been relaxed, which has caused the situation of falsely reporting the cultivated area and the over-counting of workpoints in setting up unit funds, etc., to develop. There has been a relaxation of the management of tasks contracted out to the cooperative members, so that it ordinarily only amounts to "inspecting and reminding." But at this point I would especially like to speak of specialized teams and units.

The organization of units and teams to do specialized tasks is nothing new in the cooperatives. Soon after the cooperatives were set up, in addition to the basic production units there were set up units and teams specializing in certain tasks. When we reorganized production we concentrated to setting up specialized teams and units, but paid slight attention to the basic production units. It is not difficult to set up specialized labor organizations, but it is not easy to coordinate those organizations because in the final analysis coordination in production is not only a matter of the subjective desires of man and cannot be accomplished only by means of administrative orders, but essentially must be accomplished by means of a benefit mechanism. If production coordination is not good the reproduction process cannot be carried out smoothly. In the past, if seedstocks were not good, the soil was not well prepared, transplanting was behind schedule, etc., was that the result accepting contracted-out land and to the lives of all families. Perhaps never before have our rural areas paid as much attention not only to the number of specialized units and teams but also to evaluating the quality of their activities. The secretaries of the Thai thuy, Dong Hung, and Quynh Phu district party committees could clearly report how many seedstock teams they

had, how many units were truly operating, and how many existed in form only! Perhaps never before have those district leadership comrades paid as much attention to the specialized units as now, for to relax their management of the specialized teams and units now would be to relax everything.

When contracting-out was first implemented some people thought that in such a situation the cooperative members would assume responsibility for three tasks, then they would demand four, then five, and ultimately demand everything, that they be contracted responsibility for all phases of production. We spoke with cooperative members in two districts and found that that was not the case. They did not want to assume responsibility for everything because they were incapable of doing so, but demanded that the cooperatives do a good job of the tasks for which there is collective responsibility. They were not much concerned with the method of organization, but wanted good quality with regard to seedstock, soil preparation, irrigation, drainage, the prevention and elimination of insects and diseases, etc. It is not sufficient just to organize the specialized units. The most important thing is the quality of their work. The reason why some seedstock units have broken up is that the quality of their seeds was not as good as those of the cooperative members. Thus in order to do a good job of contracting out the quality of the specialized units must improve, cooperative management must be steadily improved, and production management must not be relaxed, but tightened, after the contracting out of output.

But are the cooperatives capable of doing a good job of organizing the specialized units and of exercising tight management? We spoke with the woman who headed the Vu Quy cooperative in Kien Xuong and felt very pleased. In the scope of this article we are unable to go into detail about the Vu Quy cooperative, but in general it does a good job of the tasks for which it is responsible. During this year's winter-spring season, although there was prolonged cold no cooperative members had to use their seeds to resow the rice seedlings. The rice seedling plots were still the responsibility of the teams, made up of many households. There was only one water buffalo for every 10 mau, but plowing, harrowing, and soil preparation tasks were carried out well, without the collapse of a single water buffalo. Although output had been contracted out to individual workers, there was still competition between the production units and competition to ensure uniform production. Units with many cooperative member families who surpassed the contracted-out norms competed in delivering products rapidly and effectively. The cooperative management boards worked regularly. Every day at 1700 hours they held a meeting and gave orders. Thus the consolidation of the specialized teams and units was only partly responsible. The most important thing was that there was a rational management mechanism, so that the specialized units could do a good job of fulfilling their missions. If it is organized without a correct mechanism, especially a benefit mechanism to ensure equal rights with regard to labor and income, it will disintegrate. The reason why the cooperative members were at ease in production and the production process was carried out was that the specialized units did a good job of producing seedstock, preparing the soil, guarding against and eliminating insects and diseases, etc.

Consolidating the specialized teams and units is the responsibility of each cooperative. I believe that the Ministry of Agriculture's guidelines are quite

sufficient. But it has become increasingly clear that the formation of district and provincial technical service organs and the creation of district technical networks are conditions for supporting units and teams in the cooperatives. If at the basic level the specialized teams and units tie in responsibility with benefit, but the upper-echelon organizations maintain their administrative, subsidiary management methods, that will impede the activities of the lower echelon. Thai Binh is studying the experiences of a number of other localities in organizing district technical service corporations, in order to create conditions for improving the quality of the operations of specialized teams and units in the cooperatives.

Thus there are two aspects in the consolidation of specialized teams and units in the cooperatives:

First, the concern and management ability of the basic level. The setting up of organizations appropriate to the material-technical bases and geographical conditions, with a rational management mechanism which ties in responsibility and benefit with final output. The quality of the products and tasks for which the specialized units are responsible determine the existence of those teams and units.

Second, the formation of district technical service organs which tie in responsibility and rights with benefits, and the organization of district technical networks to provide technical guidance and supply materials for specialized units and teams operating in the cooperatives as parts of a system.

Building material-technical bases and introducing new technical advances to production:

In order to continuously develop production it is necessary to continuously strengthen the material-technical bases and apply technical advances in production. The new contracting-out system creates conditions for the workers to pay attention to applying the technical advances and seek ways to make better use of the existing material-technical bases. But those two things are not the same.

In Thai Binh, in addition to building new material-technical bases there are complaints about the existing material-technical bases not being usable, and about their being allowed to break down. There are rather specific data. On the average, a cooperative in Vu Thu District has about 200,000 dong worth of property which cannot be used. At the Quan Binh cooperative in Kien Xuong, of fixed property worth a total of 2.8 million dong, 1.1 million dong worth is not well used. But I found that those figures were based on property inventory and evaluation. The property that has not been well utilized since the contracting out of output includes warehouses, drying patios, and rice threshers. Some places also count inoperable machines that have broken down not because of contracting out but because of many factors, above all the responsibility of central and local industry and the basic-level machinery management system. The collective animal husbandry pens that have been built in Thai Binh are sufficient for the concentrated raising of 150,000 hogs, but the number of hogs raised on a concentrated basis has declined greatly. Is it necessary to return to raising hogs at the old rate to fully utilize that capability? The province

has adopted the policy of restoring the concentrated hog raising pens in the cooperatives, and regard that as a manifestation of strengthening the collective economy. We do not oppose concentrated hog raising, but the question is the direction to be followed and the important factor is real economic effectiveness. When I visited the basic levels, the district and village levels, I found that nearly everyone complained about that policy, about its economic effectiveness and not about its form. There are even rather detailed charts for comparison, but we do not want to write more about that in the scope of this article. The same is true with regard to drying patios and warehouses. At the Minh Chau cooperative in Dong Hung District the comrades wasted nothing: the warehouse was transformed into a building for weaving rugs and mats, while the drying patio was rented to the cooperative members at 100 dong per .1 mau so that they would not compete with one another. But at the Minh Khai cooperative in Hung Ha the comrades calculated that of the material-technical bases "eroded" because of the contracting out of output, the largest items were warehouses costing 206,000 dong that were built in 1974 and 1975, 12 rice threshing machines that could not be used because electricity was scarce, etc. At the hamlet of Tuy Lai I went to a warehouse that had nearly collapsed: its roof had dropped down and its walls were growing so much moss they looked like abandoned temples. But when I asked one of the comrades in charge he replied, "It wouldn't take much to repair it, but then I would be guilty of destroying a material-technical base, so I dare not." Another of the cadres in charge said more sincerely: "Leave it that way. When we return to the old way of doing things we won't have to build a new one." The attitude of hesitation and delay, and emphasis on external appearance are still considerably impeding creative thought and rapid, clear-cut actions.

I have above dealt with the use of the existing material-technical bases. What about new construction? During the past several years, with the new price adjustments, the funds have apparently continued to increase with regard to quantity. But with regard to the quality of those funds vis-a-vis expanding the cooperatives' production, there are problems that must be studied. If a cooperative in Thai Binh had placed in its funds the amount required by the guidelines, in the past it would have had enough money to buy 48 water buffaloes, but now it has only enough for 12. If it had placed enough in the fund to buy the same number of water buffaloes as in the past the cooperatives members' income, already low, would have been even lower. However, as analyzed in the part dealing with funds, the cooperatives should increase their accumulated funds by expanding production, expanding the operations of many trades, using capital flexibly, increasing the value of output, increasing actual income, and increasing profits. The path for the cooperatives to increase their accumulation by investing their own capital in expanding production is a new direction in consolidating the agricultural cooperatives.

How about the application of new technical advances? During this year's spring season major difficulties are being encountered with regard to weather and living conditions, but the secretaries of the Dong Hung, Thai Thuy, Hung Ha, and Quynh Phu district party committees believe that because of the good application of three technical advances regarding the seasonal schedule, the variety structure, and the transplanting density there are prospects for attaining high yields. But in some advanced cooperatives, such as Minh Chau and Vu Quy, which attained eight or nine tons of paddy per hectare, there is

concern over the matter of further increasing yields. In order to attain yields of 9 to 10 tons per hectare or more it is necessary to have new technical processes. Many people believe that it is necessary to reflect the advanced technical processes by means of a high level of investment in the contracts signed with individual cooperative member families. However, it is not that there are no more problems requiring further study, especially in the creation of new models, in order to further advance agriculture by introducing technical advances and a new management mechanism in production. Management also includes encouraging the application of technical advances and an advanced production mechanism. Under those conditions, the contracting-out mechanism must be applied flexibly, but the contracting out of final output -- i.e. tying in responsibility and rights with benefit -- is still an advanced mechanism for continually advancing production.

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Life in the rural areas and the requirements of the collective peasants:

During the past several years there have been new advances in the relationship between the state and the peasants. Hundreds of new policies have been promulgated during the past 3 years, which have crated strength which has contributed to furthering the development of agricultural production.

We have above brought up many problems, but essentially we have wanted to stress the responsibility of the localities, the cooperatives, and each worker. But it is not only in Thai Binh that we have noted anxiety in the relationship between the state and the peasants. At this time, the production of rice results from the labor of the industrial workers, peasant, collective peasants, the socialist intellectuals and the soldiers at the front. The peasants produce the essential consumer goods for society as a whole, but the state must control that output for common distribution and meet the needs of building and defending the socialist homeland. It is incorrect to think only of the interests of the peasants. Strengthening the socialist collective economy, maintaining the living conditions fo the agricultural workers, and the organizations and individuals who are bearing the principal responsibility for the foremost economic front are also responsibilities of our state. Agriculture is developing, the appearance of the countryside is changing, and the peasants' living conditions have improved, but after only one poor harvest, the results of which have not been fully evaluated, they have experienced difficulties in their lives, which proves that the people have little reserves. In the acutual situation at present the following problems must be studied:

1. With the present grain mobilizaion and agricultural products price policies, if the amount of grain submitted to the upper echelon in return for money is companied to the cost of buying state materials for production, the cooperatives in Dong Hung District fall tens of millions of dong short of the amount needed for simple reproduction. The path for strengthening the collective economy so that each cooprative can grow and achieve expanded reproduction, in addition to each unit having to expand production and commerce and practice strict accounting, there cannot but be ammendments of the state policies, especially with regard to the price relationship ratio between agricultural products and industrial materials which serve production.



2. When one visits areas which are experiencing difficulties with regard to living conditions one clearly notes two opposite situations: on the one hand, one sees that temporary difficulties are indeed being encountered with regard to living conditions, but on the other hand one notes that the rural areas have been developed very rapidly during the past 3 years. The difficulties are temporary and would not exist if the mobilization norm in the north had been lowered a bit.

Thai Binh and Hai Hung are both provinces which produce skilfully and their contribution levels are among the highest in the north. Nguyen Xa, Minh Chau, Vu Quy, and Dong Hoa are among the most productive cooperatives in Thai Binh. The 1983 10th month harvest was poor but the output for the year was fair. But difficulties are being encountered with regard to living conditions there, and they are even more difficult than in some other places. I visited a number of districts in many provinces and noted the phenomenon of the advanced places suffering heavier losses than the deficient or average places, although in places which produce well living conditions should be better and the people should be more enthusiastic. That also caused us to think. Our policy is to encourage people who are diligent and skilled and skilled units and localities. For the sake of the entire nation, it is proper that all units and localities which produce skilfully have the honor of producing more. But what should our policy be to ensure that the localities and cooperatives which produce skilfully have higher income levels than the other places, with regard to both in-kind and monetary incomes? That is also a motive force which will encourage all places and units to advance, and will enrich the entire nation, including themselves.

3. In the present "goods exchanged for goods" relationship there are aspects requiring further discussion.

In Dong Hung District, the amount of paddy exchanged beyond the required amount to obtain manufactured goods totals 12,000 tons. In fact, that amount is also an obligation. The paddy has already been delivered but there are sufficient manufactured goods for only 5,000 tons, and many of the goods do not suit the people's tastes or are priced too high. There are no goods to exchange for the other 6,000 tons.

The stipulation that materials and goods would be exchanged according to "norms" has led to many arbitrary acts at the basic level. The Minh Chau cooperative had to reduce the value of each workday point from 1.5 kilograms to 1 kilogram of paddy in manufactured goods exchanges. The Vu Quy cooperative reduced the value of each workpoint by .2 kilograms in exchanging manufactured goods. Thus each family also has an "obligation to buy manufactured goods." The stores sell what they have in stock: "they examine the rice carefully before accepting it but the cloth is torn off and thrown at people." So why is the value of a day worked for the collective low?

We have difficulties and there many tasks we don't want to do but must. But when there are negative phenomena in production we should make more careful calculations. In the final analysis, enthusiasm on the part of the workers, so

that production increases and output increases, is the foundation on which to increase commodity production.

4. With the policy of contracting out output, the lives of some families which have many workers and technical knowledge have clearly improved. We asked two unit leaders in two cooperatives whether anyone was poorer than in the past and they both answered "no." We then asked whether anyone hired workers or lent out money at high interest rates and they answered that no one hired workers but some people with surplus paddy were lending it out an interest rate of about 15 percent a month. That is a high interest rate. We oppose exploitation. It is rational for people to earn higher incomes by means of their labor. But assisting families which are experiencing difficulties so that they can improve themselves is something which has not received adequate attention. Giving such assistance is a matter of responsibility and sympathy and must be carried out very meticulously with regard to each family. It is a basic means of opposing the evil of having to borrow at high interest rates.

In addition to the responsibilities of the local and basic levels, the policy of exchanging materials and consumer goods for paddy, a kind of paddy "standard," is posing new problems for each collective and family. The comrades in Quynh Phu District say that despite the policy of exchanging paddy for nitrogenous fertilizer 11 cooperatives in the district have been unable to obtain nitrogenous fertilizer in order to practice intensive cultivation. Therefore, when will those cooperatives be able to advance, and when will the members of those cooperatives have a better standard of living? The same is true with regard to each family. According to reports by comrades in the Vu Quy cooperative, more than 10 percent of the families do not have surplus rice to exchange for cloth. Should we allow those families to lead such a life, at a time when some people have surplus rice to exchange for cloth and enough left over to sell! Thus to a certain degree our policies and their implementation have caused the cooperatives, which were already encountering difficulties, to encounter even more difficulties, and some of the peasants encounter difficulties in buying essential daily consumer goods.

The new management structure has brought about a great motive force for production. That has been affirmed by the resolutions of Party congresses, the resolutions of the Party Central Committee, the Council of Ministers, and life. Its effect will be even greater when the system of contracting out output is perfected, i.e. when the good points are developed, the deficiencies are corrected, and the new problems that arise are resolved promptly in order to not only bring into play the motive force of both the people accepting contracting out and the specialized workers, technical cadres, management cadres, and the basic and upper levels, and create a combined motive force in the enterprise of developing agriculture and building a new countryside. However, the contracting out of output must be combined with comprehensively strengthening the management of the cooperatives and the upper echelon, of agriculture, and of the other sectors.

## AGRICULTURE

### AN GIANG PROVINCE PROMOTES AGRICULTURAL REFORM

Hanoi NHAN DAN in Vietnamese 22 May 84 p 3

[Article by N.T.: "Agricultural Reform in An Giang Province"]

[Text] By the end of March 1984, the entire province had 1,594 production collectives and seven cooperatives (including 15 Cham ethnic minority production collectives) with 123,074 farm families, 55.25 percent of the total farm population, and 68,069 collectivized hectares, 29 percent of the farming area of the entire province and nearly two-thirds of the two-crop rice area. Moreover, there were 1,305 production solidarity teams, primarily organized on the two-crop rice production area. Thus, on the two-crop rice production area, virtually all the farmers have been introduced to forms of collective production. A total of 32 villages, wards and towns have practically completed agricultural cooperativization.

An Giang has reallocated and partitioned 56,127 hectares of cultivated land to 71,253 farm families with little or no land.

During the first 3 months of this year, the agricultural cooperativization movement emphasized strengthening and elevating the quality and effectiveness of production collectives and cooperatives. A total of 385 production collectives were strengthened and their management organization was perfected, including 135 production collectives with clear progress. The entire province has 1,169 production collectives and six cooperatives conducting satisfactory operations. Also during this period, an additional 220 production collectives were developed. Cho Moi District strengthened 61 collectives and developed 59 others and the district presently has 300 production collectives conducting satisfactory operations.

The province has supervised the organization of joint production collectives, a transitional form from the production collective to the cooperative. During the first 3 months of this year, the province established an additional 16 joint production collectives, raising the total number of these units to 88. Phu Tan District has 35 joint production collectives, Cho Moi District has 17 and Long Xuyen City has 16. The joint production collectives develop a good effect in assisting the collectives to strengthen and raise the quality of the youths, to provide elementary and advanced training to the cadres, to build the material and technical base, to develop production and to elevate management capabilities.



The cooperatives and production collectives achieved a successful 1983-1984 winter-spring crop. By the middle of April 1984, more than 10,000 hectares of the land farmed by the cooperatives and production collectives had been harvested. The average yield attained was 5.5 tons per hectare with some collectives attaining 6 to 7 tons per hectare. Collective I of Phu My Village in Phu Tan District attained 7.1 tons per hectare. Nearly all the farmers in the collectives exceeded their contracted levels, some by 600 kilograms per hectare. To whatever extent the harvest progressed, the cooperatives and production collectives met their assigned grain obligations.

A number of advanced production collectives have gradually constructed their material and technical base and have expanded their trades. To the present time, 12 collectives have developed fish and hog raising; three production collectives have brick kilns, rice mills and carpentry shops, a number have expanded the practice of companion cropping with short-term industrial crops, opened trade and machinery stores, etc., attracting labor, creating jobs, increasing capital accumulation for the collective and raising the living standards of the collective member.

The entire province is striving to implement the resolution of the third provincial party congress: to basically complete production relations reform in agriculture with the production collective and cooperative forms during 1985.

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## LIGHT INDUSTRY

### AN GIANG PROVINCE REVITALIZES SMALL INDUSTRY, HANDICRAFTS

Hanoi NHAN DAN in Vietnamese 20 Jun 84 p 3

[Article by T.P.: "Expanding Industry, Small Industry and Handicrafts"]

[Text] Besides the well-known traditional crafts such as silk weaving in Tan Chau District, carpentry in Cho Moi District and stone sculpturing in Thoai Son District, An Giang Province also has hundreds of small trades and hundreds of handcrafted products serving production, consumption and export.

Local raw material sources are abundant. An Giang has the ability to develop various industrial crop varieties over a large area such as: sugarcane, tobacco, mulberry, papaya, Arjun trees, rushes, bo plant, green beans, and soybeans. The province has many mineral products which have not yet been exploited or only to a very small extent such as: gypsum, oyster shells, construction sand, white clay and Nam Di soil.

After the total liberation of the south, with the concerned assistance of the party and the state, the primary level small industry and handicrafts units and sectors in An Giang Province were gradually restored, strengthened and developed. The party gave immediate attention to the following trades:

Weaving: The province has nearly 600 looms with an annual production potential of 2 million meters of cloth of all types. The silk weaving trade of Tan Chau District has been strongly revived: A silkwork corporation has come into being and has constructed breeding farms to supply silkworm breeders to the people.

Machine sector: There are many products supporting agricultural production, fishing and communications and transportation. Besides hand tools, the machine production facilities also make plow and harrow frames, threshing machines for rice, pistons, etc. The piston products have attained international standards and have been used by the Ministry of Agriculture as an example for the entire country. During 1981, the rice threshing machines of An Giang were capable of threshing 400 gia [1 gia is equal to 20 kg] per day; 900 gia in 1982; and in 1983 up to 1,200 gia per day.

Wood processing: Within the province are 400 large and small wood processing facilities. Besides the construction of various types of cabinets and furniture and the carving of wooden products for export, a number of facilities have the capability to build sampans and boats with a carrying capacity of a few dozen tons.

Long Dien and My Luong in Cho Moi District have had traditions in the carpentry trade for hundreds of years. The fine wooden articles produced here are preferred by customers.

Sugar production: An Giang is able each year to produce 10,000 tons of crystal sugar and tens of thousands of tons of liquid sugar from sugarcane and sugar palm. The crystal sugar of An Giang meets export standards. An Giang presently has a plan to rearrange the sugar trade in order to assure the processing of the entire 130,000 tons of sugarcane available in the local area.

Chemical sector: The annual production potential for soap products is 300 tons. Recycled plastic products consisting of plastic cans, rope and string, children's toys and student supplies each year attain 400 tons. There are from 7,000 to 10,000 bicycle and motorcycle tires produced annually.

Besides the trades noted above, a number of others are being developed such as: the production of brick and tile (4 million pieces annually), paper, ink, tanned leather, liqueurs, aluminum products, etc.

Since 1980, the total output value of the entire sector has been 204,962,000 dong. The average each year rises by 5 to 6 percent. In 1983 alone, a total of 57,982,000 dong was achieved, 105 percent of the planned level. Trades achieving high planned levels were: machinery with 125.6 percent, construction materials with 107.25 percent, leather work, weaving, ready-made clothing and dyeing with 109 percent, and other industrial sectors with 116 percent.

In conjunction with production development, An Giang Province gives extreme emphasis to the socialist transformation of small industry and handicraft sectors. The province at the present time has five cooperatives, 145 production cooperation teams and 64 product groups.

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